

Weekend



Fully-insured Nazis

'Sometimes, as at the Dachau camp, the SS even got a discount because of the size of their business'



Runaway's progress

'Soon she was caught up in prostitution and drugs - but all the time she continued her writing'

Page I

<http://www.FT.com>

Page III

FT

FINANCIAL TIMES

JULY 26 / JULY 27 1997

Weekend



The BIG idea

'Craig Raine, who prefers the common-sense Auden, argues that we need ideas, but not in our art'



Choice of Chilean

'Chile's strongest suit is good value bordeaux-ish red even if it may now have to be fleshed out'

Page V

Page XII

Palestinian fury at homes plan

Netanyahu vows to block Jewish housing development in Arab east Jerusalem

By Judy Dempsey
in Jerusalem

Palestinians warned Israel yesterday that plans for a new Jewish housing project in the heart of Arab east Jerusalem amounted to a "declaration of war".

The municipal authority's decision to allow Mr Irving Moskowitz, a US millionaire from Miami, to build 65 homes in a district inhabited by 11,000 Palestinians was made late on Thursday night without the knowledge of Mr

Benjamin Netanyahu, the prime minister.

Mr Netanyahu vowed to block the project, saying it was an ill-advised move when talks with the Palestinians were in crisis. He held immediate talks with Mr Yitzhak Rabin, the defence minister, and Mr Ehud Olmert, the hardline Likud mayor of Jerusalem.

Mr Olmert supports expanding Jewish housing in east Jerusalem, which Israel annexed during the 1967 Six Day War. Peace talks

between Israel and the Palestinians were suspended last March when Mr Netanyahu gave the go-ahead for 6,500 new homes for Jews at Har Homa in east Jerusalem.

Palestinians and opposition Labour party officials called on Mr Netanyahu to stop the latest settlement. "This is a declaration of war against the Palestinian people and a dangerous provocation," said Mr Ahmed Tibi, an adviser to Mr Yasser Arafat, Palestinian president. Mr Yossi

Sarid, a peace negotiator under the former Labour administration, said the Ras al-Aoud project was "the match that will light the great fire in the territories, a fire that will burn lives of Jews and Arabs".

Mr Olmert shrugged off criticism of the project, saying it was legal, the land was privately owned and Mr Moskowitz had threatened to sue the city authorities if permission to build was not allowed. "In any case, when is the time ever right to

build?" asked Mr Olmert, brushing aside suggestions that the decision undermined the spirit of the Oslo peace accords and that the status of Jerusalem was supposed to be left until final settlement talks.

Mr Moskowitz, a staunch supporter of Likud, has in the past provided financial assistance to nationalist groups to buy up homes and land to house Jews in the Arab part of Jerusalem.

The project at Ras al-

Olivs, is for Ateret Cohanim, an ultra-Orthodox institution. "It is really crazy that the price to a lunatic extremist American campaigner should be paid with our security and our lives," said Mr Sarid.

Mr Olmert, backed by Mr Netanyahu, was responsible for opening an archaeological tunnel near the Al-Aqsa Mosque in the old city last September. It sparked three days of violence which left 66 Palestinians and 14 Israelis dead.

Asia banks back 'sound' currencies

By James Harding in Shanghai and Ted Bardacke in Kuala Lumpur

Asia's central bankers insisted yesterday that local currencies were "fundamentally sound" in spite of the recent turmoil on the region's currency markets.

They refused to be drawn into concerted intervention to support embattled south-east Asian currencies.

The decision to let currencies settle naturally refocused attention on Thailand, other analysts said.

As long as the Thai baht continues to weaken, the pressure of competitive devaluations would remain. The baht closed weaker yesterday at Br32.40 to the US dollar compared with Br32.05 the previous day.

A comprehensive economic adjustment plan was being drawn up in Thailand and was likely to be announced on August 5. Thai officials said yesterday its broad outline is similar to other Thai government plans announced over the past six months but only partially implemented.

The People's Bank of China, the central bank, said it wished to see currency stability in Asia and was "willing to help", but would give no details of any specific plans to help support neighbouring currencies.

In a separate agreement, Indonesia, Malaysia, the Philippines, Singapore and Thailand decided to extend a largely ineffective swap agreement for short-term liquidity financing.

Master of contradictions,
Page 7; Currencies, Page 9

Patience is running out as disaster victims wait in vain for help from the government

Poland's floods sink dreams of prosperity

By Christopher Bobinski
in Siechnice, Poland

Zbigniew Felsztynski has done well out of Poland's economic reforms. At 48 he has a flourishing truck-haulage business and a son to help him run it. All he lacks - since one disastrous night two weeks ago - is a home.

It was destroyed in just 90 minutes; as one of the largest flood waves Poland has ever seen swamped his house.

Now a tired and unshaven Mr Felsztynski, clad in a T-shirt, jeans and gumboots, stands with his neighbours in the street of a Wroclaw suburb, waiting for the waters to subside.

A few miles away in the village of Groblno, Mr Feliks Miedlar, 42, a farmer with six hectares of land under water, has his pigs

loaded on to a tractor along with a neighbour's. He is ready to flee if the water lapsing at his garden fence begins to rise again. He had just finished redecorating his home when the disaster struck.

The wooden floors on the ground floor have had to be ripped up and the line of damp still shows chest-high on the walls. It will be weeks before they are dry enough to be repaired, and the 3,000 zlotys (£860) the government is offering flood victims is woefully inadequate to pay for it.

Neither Mr Felsztynski nor Mr Miedlar - nor most of the other 45,000 Poles whose households were destroyed by the floods - were insured. Now they are looking to the state, which since market reforms began in 1989 has been withdraw-

ing from responsibility for every aspect of their existence, to help restore their previous lives.

Mr Wladimirz Gimo-szewicz, the prime minister, was forced to apologise for a remark suggesting that people should have taken out insurance instead of looking to Warsaw to pay for the flood damage.

Now the government is promising subsidised loans to pay for reconstruction.

But people in Siechnice aren't inclined to listen. Last Thursday they blocked the main road to Opole, another flood-hit town, and burned tyres to demand that the authorities drain the water away from their homes, streets and gardens.

They were dispersed by riot police.

Fears grow, Page 2



Villagers in Brzeg, Poland, use an amphibious vehicle to search for flooded homes

Are you getting
4.5% interest
on your current
account?

Citibank
4.5% gross

CITIBANK+

Barclays
4.5% grossNatWest
2% grossM&G
4.5% grossFirst Direct
0.3% grossCIBC
4.5% grossHSBC
4.5% grossRBS
4.5% grossLloyds
4.5% grossHSBC
4.5% grossBank of America
4.5% grossHSBC
4.5% gross

NEWS: INTERNATIONAL

Twisted plot of Spain's digital TV drama

By Tom Burns in Madrid

The battle to control Spain's digital television market has turned into a political soap opera that includes all-night meetings of business tycoons, furious exchanges in parliament, backstabbing, quirky legislation and appeals to the dispassionate arbitration of the European Commission.

At Antena3, Spain's leading commercial television network finalised the details early yesterday of its takeover by Telefónica, the national telecoms company, Grupo Prisa, the broadcaster's jilted partner, accused the ruling centre-right party

of blatant interference in the media. Others said a blow had been struck for press pluralism.

The cast complements the drama. It stars Mr Juan Villalonga, the banker friend of prime minister Mr José María Aznar, who was appointed to run Telefónica a year ago by the incoming Popular party; Mr Antonio Asensio, Antena3's erstwhile owner, who made his fortune out of soft-porn as post-Franco Spain moved to democracy; and Mr Jesús de Polanco, a school textbook publisher who turned Prisa into the dominant domestic media company during the 13 years of rule by the

former Socialist government. However the plot, studded with sudden betrayals and surprise reconciliations, has often been difficult to follow.

A year ago Mr Polanco and Mr Asensio were swapping law suits as Antena3's then chairman started signing up transmission rights with football clubs that were ostensibly under contract to Prisa's subscriber TV network, Canal Plus. By December they had pooled their interests and were partners in the January launch of Canal Plus Digital, a satellite service with a monopoly to broadcast pay-per-view first division football

in soccer-mad Spain. Mr Polanco thought he had a deal to develop cable TV with Telefónica a year ago when the telecoms operator was run by a Socialist party stalwart. When Mr Villalonga undid the cable venture alleging that it breached Brussels' competition rules, Prisa's chairman purposefully set about wooing Mr Asensio who was the partner that Mr Aznar's Popular party had in mind to launch a government-friendly satellite service, backed by Telefónica, to rival the Prisa venture. Mr Villalonga has done Mr Aznar's government an incalculable service by engi-

neering the purchase of Mr Asensio's controlling stake in Antena3. Telefónica has paid Pt41.5bn (\$27.3m) for 25 per cent of the TV network and Mr Villalonga has persuaded two domestic banks, Central Hispano and Santander, to increase their equity in the company to 25 per cent and 20 per cent respectively.

Mr Asensio, who owns considerable press interests in Barcelona, is now free of bank debts and has made a sizeable capital gains. Mr Polanco, having ably alleged government harassment of his business before the European Commission (his digital decoders have been banned

and his football broadcasting rights restricted), has had his strategy blown off course and Mr Villalonga has moved Telefónica firmly into multimedia services.

Mr Aznar's government stands accused of cutting a hostile media group down to size. Critics of the all-pervading Prisa empire – it includes El País, the leading newspaper, Cadena Ser, the top radio station, several publishing companies and the biggest bookstore chain in the country as well as TV interests – who worry about media concentration, say the soay has had a happy end-

INTERNATIONAL NEWS DIGEST

Senate warns on global warming pact

The US Senate yesterday warned the Clinton administration not to accept a global warming treaty that harms the US economy. The non-binding resolution also said the US should reject a treaty that did not require developing countries to limit their heat-trapping pollution in the same timeframe as that in which industrialised countries were required to reduce their pollution.

The resolution, sponsored by West Virginia Democrat Robert Byrd and Nebraska Republican Chuck Hagel, passed 96-0.

The White House would need Senate confirmation of the treaty it is negotiating with other industrialised countries to reduce their pollution from burning fossil fuels that is blamed for warming the atmosphere.

"This resolution rejects the United Nations' current negotiating strategy of binding the United States and other developed nations to legally-binding reductions without requiring any new or binding commitments from 130 nations such as China, Mexico, and South Korea," Mr Hagel said.

The so-called Berlin Mandate, agreed to by the US and other industrialised countries, calls on them to make binding commitments on the grounds that they are responsible for almost all the existing heat-trapping pollution, while developing countries would not face binding terms.

Reuter, Washington

Russia sells telecom stake for \$1.88bn

By John Thornhill
in Moscow

A fleet of black Mercedes surrounded the dingy headquarters of Russia's Federal Property Commission yesterday as powerful business barons gathered to hear the results of an auction for 25 per cent of Svyazinvest, the giant state-owned telecommunications holding company.

Beaming ministers announced the stake had gone for \$1.88bn – 59 per cent higher than the minimum bid price – to a consortium composed of Onerixbank, Russia's biggest commercial bank, and Deutsche Morgan Grenfell, the international investment bank.

The sale, Russia's biggest single privatisation, will help the government pay off its arrears to the armed forces by the beginning of September. Seventy-one per cent of the proceeds will go to the federal budget. The rest will enable Svyazinvest to begin upgrading Russia's antiquated telecommunications network.

Mr Vladimir Bulgak, a deputy prime minister, said he was more than satisfied with the auction, which some had doubted would succeed.

"This confirms the correctness of our strategy in forming the Svyazinvest holding company, and refutes the opinion of the sceptics, who were convinced such a large collection of illiquid assets could not be sold as a single share packet for more than the starting price," he said.

The Russian stock market reacted positively, with the RTS index of leading shares closing 2.3 per cent higher at 509.5.

But some financiers said they had been deterred from bidding because of the auction's restrictive terms and

timetable. Each participant had to lodge a \$400m bond in advance of the auction – with no guarantee that it would be returned – and had less than three weeks to analyse the company's finances.

"By international standards this was a joke," said one banker. "You do not do a \$2bn transaction in 18 days. You could have sold Svyazinvest for a lot more."

Svyazinvest was created as a holding company, with controlling stakes in 88 regional telephone operators and Rostelekom, the dominant long-distance and international carrier, to act as a financing vehicle for the industry. Two previous attempts to sell Svyazinvest had collapsed amid acrimony.

Mr Alfred Kokh, the privatisation minister, said the sale had shown the world that Russia could conduct an open sale of a major strategic asset, achieving a higher valuation for Svyazinvest than that of comparable companies in the Czech Republic and Hungary.

The only rival offer came from a consortium of Alfa Group and Most Bank, two influential Russian concerns.

Telefónica, the Spanish telecommunications company, and Credit Suisse First Boston, the international investment bank, bid \$1.7bn.

The winning consortium will be able to nominate two directors to serve on Svyazinvest's board, giving it power of veto and a free to sell its stake after 75 days. But it is unclear to what extent the consortium will be able positively to shape the future course of Svyazinvest and its dozens of subsidiaries.

A further 24 per cent of Svyazinvest's shares will be sold next year to Russian investors with the government retaining a 51 per cent stake.



French prime minister Lionel Jospin said yesterday public spending would have to be cut if the 1998 budget deficit was to be kept to 3 per cent of gross domestic product, writes David Owen in Paris.

Speaking to RTL radio (left) he acknowledged that cutting the deficit would be "a bit more difficult" in 1998 than 1997, while predicting that economic conditions over the next few months should be better.

His comments came at the end of a week in which France's Socialist-led government announced FFr32bn (\$5.26bn) of public deficit reduction measures for 1997, while offering no guarantee that France would meet the 3 per cent of GDP deficit criterion for economic and monetary union.

Meanwhile, France's impressive trade surplus continued to rise, with May's surplus reaching FFr16.5bn, according to seasonally adjusted figures, up from FFr15.6bn a month earlier.

EU raises stakes on BA's Heathrow slots

By Michael Skapinker
in London and Neil Buckley
in Brussels

The European Commission is considering demanding that the proposed alliance of British Airways and American Airlines relinquish 350 weekly take-off and landing slots at London's Heathrow airport.

The proposal that the two airlines give up 350 slots is understood to come from the office of Mr Karel Van Miert, the EU competition commissioner. However, in the office of Mr Neil Kinnock, transport commissioner, are arguing that the establishment of the six-airline Star Alliance has strengthened the case for their link-up.

The alliance, which was first announced in June last year, still has to be approved by Brussels, by the department of transport in Washington and by the UK government. The two airlines plan substantial

proposed link-up. The two carriers are also expected to oppose the 350-slot suggestion vigorously. They have said that the proposal from the UK Office of Fair Trading that they give up 168 weekly slots would make it difficult for the alliance to succeed.

The proposed alliance has attracted strong opposition from other airlines in the US and Europe, which say that it will have an overwhelmingly strong position at Heathrow, the world's busiest international airport.

The alliance, which was first announced in June last year, still has to be approved by Brussels, by the department of transport in Washington and by the UK government. The two airlines plan substantial

co-operation and flight co-ordination and intend to share revenues from their transatlantic services.

The two carriers argue that the establishment earlier this year of the six-airline Star Alliance has strengthened the case for their link-up. The Star Alliance, which is led by United Airlines of the US and Lufthansa of Germany, groups carriers in Europe, the Americas and Asia.

BA and American announced last week that they were both considering taking stakes in Iberia of Spain, which could be invited to join their alliance. Both BA and American already have links with Qantas of Australia. American is also planning to buy a 10 per cent stake in Aerolineas Argentinas.

Fears grow of worsening flood disaster

By Ralph Atkins in Bonn

More east Germans from flood-hit regions near Poland were evacuated yesterday as breaches in the river Oder defences widened dramatically, submerging homes and farms and threatening worse to come.

As one of Germany's biggest emergency operations battled to control the crisis, Mr Werner Müller, a senior official in the state of Brandenburg, declared the catastrophe a "once-in-a-thousand years flood".

Some 2,500 people were

evacuated from around Auriß, south of Frankfurt-an-der-Oder, after a breach in defences widened into a 800 metre gap. The flood waters – caused by heavy rainfall across central Europe – rose rapidly to up to 5 metres deep, flooding houses to roof level.

To the north, about 5,000 people in Oderbruch – the low-lying region reclaimed in the 18th century – were told to leave their homes because of fears of a further breach. As the dykes in Oderbruch began to slide, emergency workers were

last night struggling to reinforce weak points. Helicopters dropped giant sandbags to help shore up the defences. A second line of defence was being built in a frenetic effort to limit the impact if, as feared, the first line gives way.

Nearly 10,000 soldiers and millions of sandbags have been deployed in the region. Emergency drinking water was being supplied last night and residents were warned to boil water, but fears of an epidemic were being played down by the authorities.

In Brandenburg, Mr Manfred Stolpe, the state prime

minister, appealed for financial relief to be channelled through a single co-ordinating body that could bring together help from the European Union, Bonn, the regional government, insurance companies and the Kreidtanstalt für Wiederaufbau, the publicly owned development bank.

Unveiling plans for a rebuilding programme in the Oder region after the waters have subsided, Mr Stolpe said: "We must ensure that no farmer or entrepreneur has to give up their business because of the damage."

■ GREECE

EIB loan for Corinth bridge

Greece yesterday signed an Ecus370m (£407m) loan agreement with the European Investment Bank, the EU's soft lending arm, for the construction of a much-delayed toll bridge across the earthquake-prone Corinth Gulf. GTM-Enterpose, the French specialist bridge-builder, heads a consortium of six Greek construction companies that will build the Ecus76m cable bridge linking Rio and Antirrio in western Greece.

It will be a BOT (build-operate-transfer) project in which the consortium hopes to recover its investment through a 35-year concession to collect tolls from vehicles using the bridge.

The 2.5km bridge will take seven years to build and is due to open early in 2005. It poses a technical challenge, with foundations to be sunk 60m into the seabed to ensure stability in an area where strong earthquakes have struck since ancient times.

The Socialist government is keen for the project to go ahead because it will open up a neglected area of western Greece to development, and help improve communications with Albania and the former Yugoslav republic of Macedonia. The bridge was designed by Greek engineers almost 20 years ago but met with a series of obstacles. Businessmen in the western part of Patras objected on the grounds that investment would shift to the other side of the Gulf, while owners of ferries that transport vehicles across the strait threatened to block construction of a bridge.

Karin Hope, Athens

■ TURKISH ECONOMY

World Bank to lend \$1.5bn

The World Bank yesterday announced a new \$1.5bn loan programme for Turkey. Mr Johannes Limm, World Bank vice president for Europe and central Asia, said loans of up to \$500m a year for three years would support health and educational developments as well as regional policy.

If approved by the Bank's board in September, the loan would ease pressure on Turkey's external accounts. The country must make foreign debt service payments of \$1.9bn this year and \$1.7bn in 1998.

Mr Limm said he also hoped to see progress on structural economic reform and fiscal stabilisation to lower inflation and the economy's volatility. The Bank, which has a large portfolio of undebted loans, called on Turkey to improve implementation of existing projects. The World Bank could raise the volume of fresh loans to \$600m if the new government of Mesut Yilmaz is able to make progress on both these fronts.

John Barham, Ankara

■ TURKISH POLITICS

Ciller escapes spying charge

Mrs Tansu Ciller, Turkey's former prime minister, will not be tried on charges of spying for the CIA, an Ankara court ruled yesterday. The capital's state security court prosecutor had already said the court was not competent to hear the accusation, first made by the far-left Workers Party. A military court then decided to investigate the charge, only to later refer the case back to the civilian courts.

The politically powerful military appears intent on politically destroying Mrs Ciller and her former coalition partner Mr Necmettin Erbakan after forcing them out of office in June after eleven months in power. The secular army is supporting an attempt by prosecutors to close Mr Erbakan's Welfare party, claiming it attempted to establish an Islamic state.

John Barham, Ankara

■ UKRAINE

Kuchma reshuffles cabinet

Ukrainian president Leonid Kuchma yesterday reshuffled his cabinet, appointing new ministers of economy, energy, coal mining and industry. He left intact appointments in the defence, interior and finance ministries, along with the deputy prime minister in charge of reforms.

Earlier this month, Mr Kuchma appointed Mr Valery Pustovoltenko as prime minister after accepting the resignation of Mr Pavlo Lazarenko. According to the Ukrainian constitution, the president is required to appoint a new cabinet if the head of government changes.

Charles Clover, Moscow

EU probe uncovers smuggling of ozone-depleting chemicals

By Lionel Barber in Brussels

An EU-wide customs investigation has uncovered a multi-million dollar smuggling ring which imported 1,000 tonnes of illegal CFC products from China, the European Commission disclosed yesterday.

Dutch customs agents seized a shipment of 150 tonnes of CFC products in Rotterdam, leading to the arrest of a German suspect. Other companies involved face criminal charges, Commission officials said.

The EU banned the production of CFCs in January 1995 on the grounds that they damage the ozone layer. But a lucrative black market exists for CFC products

which can be used as cooling agents in refrigerators, in aircraft and as a means of fire protection.

The EU controls imports of CFCs under a quota system, chiefly to allow medical use of the chemical gases. In other areas, companies are encouraged either to use alternative environmentally friendly products or to recycle existing CFC products.

Commission officials said yesterday it was considering further steps to restrict the import regime for CFCs, and intends shortly to propose a ban on the sale and use of CFCs in the EU.

The CFC smuggling operation began when the German suspect used a false, non-CFC label – cooling agent

R227 – to cover imports of illegal gases in more than 80 containers from China. False declarations were made to customs in Germany, Belgium and the Netherlands.

Only chemical experts could tell the difference. "It was not like opening a container labelled ping pong balls and discovering Chinese shirts," said one Commission official.

Commission officials declined to name the German company which sold the products to customers in Austria, Belgium, France, Germany, Greece, Italy, and the UK – in each case without paying EU customs duties. Some went across the Atlantic.

Throughout the operation,

the German company invoiced the goods as recycled European products. However, as the Commission pointed out yesterday, the total of 1,000 tonnes of illegal imports is more than double the total annual capacity for recycling in the EU.

In addition, the low prices which undercut law-abiding dealers in CFCs, almost certainly led to large illicit profits for the German company during its operation, the Commission said.

Under the Montreal Protocol on ozone layer depleting substances, the production of CFCs has been illegal in OECD countries since January 1996. In developing countries, production will be banned from 2010.

مذكرة الأصل

Senate warns
on global
warming pact

مكتبة الراحل

NEWS: INTERNATIONAL

Fifa acts over Iraqi football caning charges

By Jimmy Burns

World soccer's governing body, like to say its concern is football, not politics - even if this has meant turning a blind eye to authoritarian governments who exploit the sport for political reasons.

So Fifa's announcement yesterday that it is investigating reports of human rights violations by Saddam Hussein's son Uday against the Iraqi football team may come as a surprise.

In a move that threatens to block Baghdad's attempt to end

its international parish status, Fifa is considering a call from Iraqi opposition groups that Saddam's Iraq should be banned from all future international football competitions - a draconian measure only previously applied for so long of time during South Africa's apartheid regime.

"We feel we are entitled to take whatever action is necessary to defend the good image of the game," Fifa's spokesman, Mr Keith Cooper, told the FT last night.

Fifa has been forced to act after allegations surfaced in the British

media that Uday recently had members of the Iraqi national football team caned on the soles of their feet and beaten on the backs to encourage them to play better.

Uday, the president of the Iraqi football federation, was apparently furious with the team's failure to qualify for next year's World Cup in France, after losing at home and away against Kazakhstan.

European intelligence officials say Uday has become increasingly paranoid about his political position and even more brutal since

narrowly surviving an assassination attempt last December. He had previously acted as de facto prime minister with a reputation for violence that was excessive even by Iraqi standards.

From his political point view, Uday saw Iraq's football success internationally as a way of regaining some of his old power and projection," one European intelligence official said yesterday.

According to the Iraqi National Congress, the London-based group representing Iraqi opposition groups, Uday's football "brutality is not something new". In the late 1980's, Uday was so incensed with the bad performance of Al Rashid - a team he had personally created and funded - that he went to its training ground and shot over the heads of the players with a machine gun.

"We are investigating newspaper reports to see if they have any foundation. We have asked the Iraqi authorities for information and have approached the Asian Football Confederation which was responsible for Iraq's World Cup group," it said.

Iraq last qualified for the World Cup in 1986. Since then Fifa has allowed the country's national team to participate in other international events including football youth championships and the Olympic football competition. Uday is also president of Iraq's Olympic committee.

Fujimori faces new round of flak

By Sally Bowen in Lima

Opposition parliamentarians are calling for a congressional commission to investigate renewed allegations that President Alberto Fujimori was not born in Peru.

Fresh documents allege that the man who has governed the country for the past seven years entered Peru as a small child with his immigrant parents. The constitution clearly bars anyone not born within the national territory becoming head of state.

Constitutional experts say such proof would invalidate the 1985 elections and, possibly, many of the vast number of documents signed by Mr Fujimori over the years.

The allegations of irregularities add to the climate of political tension which has been mounting in Peru over the past two months.

The sacking of three judges of the newly created constitutional tribunal; the apparent persecution of the Israel-born chief shareholder of a television channel critical of the presidential entourage; the revelation of widespread telephone tapping; and the unprecedented appearance of senior members of the armed forces in the congress building have combined to create a potentially damaging sense of political and juridical instability.

J

U

S

A

T

E

R

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

R

E

S

T

E

N

O

M

P

NEWS: INTERNATIONAL

Japanese broker's licence suspended

By Gillian Tett in Tokyo

Japan's crackdown on corporate scandals gathered pace yesterday after the government briefly suspended the licence of a medium-sized broker.

The Securities and Exchange Surveillance Commission said that it had ordered Arie securities to stop business for two days for illegally mixing client and proprietary trades.

The crime is similar to the one that Nomura, Japan's largest securities house, admitted on Thursday in relation to its dealings with *sokaiya* - corporate extortions who traditionally demand money from companies in exchange for not revealing sensitive information. It is likely to add to suspicions that the malpractice at Nomura was widespread in many other parts of the securities industry.

The government is preparing to impose a heavy penalty on Nomura early next week. This is expected to include the suspension of parts of its business for several months, with the equity and small company sales departments likely to be particularly hit.

However, officials yesterday indicated that their investigations were also widening to other big securities houses.

Japanese papers reported that evidence had now emerged that three other companies had also carried out similar illegal trades for *sokaiya* in recent years. The three refused to comment on the reports yesterday. However, government prosecutors indicated that they were now preparing to launch a full inquiry into the companies.

The investigation into the companies is unlikely to be as extensive as the probe into Nomura, since they are smaller and in a weaker financial state.

However, if evidence does emerge against them, the government may be forced to make some gesture of compensation to avoid any criticism that it unfairly targeted Nomura.

The government is also expected to impose a penalty soon against Dai-Ichi Kangyo bank, Japan's second largest bank, for related illegal loans to *sokaiya*.

Tokyo prosecutors yesterday lodged a criminal complaint against DRB over the incident and also indicted its former chairman, Mr Tadao Okuda. Several other DRB officials have already been indicted over the affair.

DRB is accused of having extended some Y11.78bn (\$100m) worth of loans to Mr Ryuichi Kojima, a *sokaiya*, between 1994 and 1996.

A long-awaited economic rescue scheme from the Thai finance ministry will be handed to the cabinet - and announced to the world - on August 5. The "comprehensive" package will include steps to stabilise the baht and attack the bad debt and property crises but it will not include the announcement the financial markets most want to hear: that Thailand will ask the International Monetary Fund for a big loan.

The finance minister, Mr Thansong Bidaya, softened his earlier stance that a major injection of official foreign borrowing was unlikely when he admitted yesterday that this could not be ruled out.

However, an adviser to the finance minister said no approach to the IMF or any other potential borrower would be written into the rescue package.

Mr Barry Yates, the head of research at Seismic Securities, said the authorities appeared to be determined to row their own boat. "The problem," he added, "is that the boat is sinking."

William Barnes, Bangkok

■ KOREAN AID

South to ship corn

South Korea yesterday agreed to provide new food aid to North Korea despite recent tensions that included a border clash last week.

The South Korean Red Cross Society reached agreement in Beijing talks with its northern counterpart to supply 50,000 tonnes of corn to be bought in China and valued at \$10m. The South agreed to supply a similar amount in May for humanitarian reasons.

A statement by the Romanian presidency said that General Ionel Telesh had accepted responsibility for the incident, which has deeply embarrassed the Romanian government.

Yesterday's statement said General Telesh had offered to quit "because this case may harm Romanian-Swiss relations and because I deem myself solely responsible".

A report by the SIE to President Emil Constantinescu denied that the SIE was spying on Switzerland, but admitted that "there have been sporadic contacts for several years between a Swiss diplomat and SIE collaborators". The report said that the diplomat had handed over unclassified documents, "which were not harmful to Switzerland's security".

The South turned down a request to supply rice because it can be stored for longer than corn, raising concerns that it could be kept to feed the military at a later date.

John Burton, Seoul

■ AUSTRALIA

Howard in hospital

Mr John Howard, the Australian prime minister, was admitted to hospital yesterday, suffering from pneumonia. His office said, Mr Peter Costello, treasurer, has been appointed acting prime minister until the deputy prime minister, Mr Tim Fischer returns from holidays tomorrow night.

The prime minister is likely to be in hospital for the best part of next week, his office added. Earlier this week, Mr Howard, who will turn 56 today, was suffering from bronchitis and influenza but was diagnosed as suffering from pneumonia late yesterday.

Reuter, Canberra

■ CAMBODIA CRISIS

Hun Sen confuses Asean

Mr Hun Sen, who ousted his Cambodian co-prime minister Prince Norodom Ranariddh in a violent coup earlier this month, yesterday issued a cryptic statement that seemed once again to reject mediation by the Association of South East Asian Nations (ASEAN).

He said he welcomed ASEAN's help in "preventing foreign interference into the internal affairs of Cambodia". This forced ASEAN to hold an emergency meeting with the Cambodian foreign minister, Mr Ung Huot, and to amend the final communiqué of their ministerial meeting which urged a reclassification of Mr Hun Sen's position.

ASEAN's future role in Cambodia remains unclear, diplomats said. The disarray comes just ahead of this weekend's annual meeting of the ASEAN Regional Forum, where in addition to trying to co-ordinate positions on Cambodia with the US, ASEAN is expected to clash with the European Union over the admission of Burma earlier this week.

Ted Berndt, Kuala Lumpur

■ CHILD ABUSE

Damages for altar boys

The Roman Catholic diocese of Dallas has been ordered to pay \$120m in damages to 10 former altar boys, and the parents of another, who were sexually abused by a priest. It was the largest cash penalty imposed against the Catholic church in a sexual abuse case.

A jury of 10 women and two men said the diocese was guilty of gross negligence, malice, conspiracy and fraud in failing to stop the Rev Rudolph Kos from abusing the children over an 11-year period ending in 1992, and of covering up evidence. The diocese was ordered to pay about \$102m in actual damages and \$18m in punitive damages.

Bishop Charles Grahmann said the diocese would be likely to appeal "in order that a higher court can review all the issues and make certain that a final verdict is just and appropriate to the facts of the case". Reuter, Dallas

Canadians to meet US on salmon row

By Scott Morrison
In Vancouver

US and Canadian officials are to meet next week in another effort to resolve the simmering salmon row that has threatened to develop into a wider trade dispute between the two nations.

The decision to hold the talks was taken after fishermen in British Columbia blockaded an Alaskan ferry for two days. The protesters, angered by high US catches of Canadian-bound sockeye salmon, released the vessel but warned they would again resort to blockading US ships if the dispute was not resolved within a week.

President Bill Clinton has appointed as special envoy Mr William Ruckelshaus, a former head of the US Environmental Protection Agency. He will meet a Canadian representative who was expected to be appointed yesterday. Mr David Anderson, Canada's fisheries minister, will also hold talks with the governors of Alaska and Washington state.

Canadian officials have put pressure on Mr Glen Clark, the British Columbia premier, who has threatened a series of sanctions against the US. Despite appeals by federal officials, however, Mr Clark has said he will go through with his threat to cancel a provincial lease on

an underwater torpedo-testing facility used by US submarines.

Mr Anderson has said Mr Clark will not be asked to participate in discussions with US officials. Tension between the two nations increased after Alaskan fishermen acknowledged they had caught up to 350,000 sockeye salmon so far this season, at least three times the traditional limit of past quotas.

The Alaskan fishermen contend they caught Canadian-bound sockeye by accident while harvesting other salmon species. But British Columbia officials have repeatedly maintained that Alaskan fishermen target more valuable sockeye stocks instead.

Next week's talks will be the latest of several recent rounds of negotiations to reach an agreement to divide the C\$400m (US\$290m) Pacific north-west salmon harvest. Canada, which has been pushing for long-term salmon harvesting quotas since the previous limits lapsed in 1992, says the US is taking advantage of an abundance of Canadian-bound sockeye salmon.

The last round of talks broke down in June as each side blamed the other for failing to make the necessary concessions to divide the harvest equitably while conserving stocks.



Mr Kocheril Raman Narayanan reviews a guard of honour after he was sworn in as President of India yesterday.

Mr Narayanan, 76, who became the first "untouchable" to hold the post, appealed for a crusade against growing corruption and against poverty, AFP reports.

India's leaders had "the obligation to direct all our efforts to the task of abolishing poverty, ignorance and disease from among our people". He went on: "Today there are signs of the weakening of the moral and spiritual fibre in our public life with evils of communism, casteism, violence and corruption bedeviling our society." Mr Narayanan polled about 95 per cent of 5,000 votes cast by national and state politicians in a presidential election earlier this month. His election has been interpreted as a triumph for India's "untouchables" - today referred to as Dalits ("oppressed") - who feature at the bottom of the Hindu social scale.

"Untouchability" is outlawed in India but Dalits still suffer discrimination at the hands of the upper castes. Although the president is only a constitutional head, he can play a key role if elections lead to a hung parliament or when the formation of government becomes contentious. He is also head of India's armed forces. Picture: Reuter

Mr Kocheril Raman Narayanan reviews a guard of honour after he was sworn in as President of India yesterday.

Attali to take on delicate mission

Jiang sees improvement in two powers' troubled relationship

By Tony Walker in Beijing

China's difficult relationship with the US has shown significant improvement this year, enhancing prospects for a constructive dialogue at a leadership summit due in October, according to Mr Jiang Zemin, China's president.

Mr Jiang told Mr Jimmy Carter, the former US president, that "Sino-US relations have maintained the momentum of improvement and development this year". He added that the two countries' common interests were "expanding rather than diminishing".

Mr Jiang's positive remarks came ahead of a meeting in Kuala Lumpur this weekend between Ms Madeleine Albright, the US secretary of state, and Mr

Qian Qichen, her Chinese counterpart, to discuss preparations for the summit in Washington.

The two sides have tentatively scheduled October 28 for the long-awaited summit, the first formal state visit involving Chinese and US presidents since the June 4 1989 massacre of pro-democracy activists in Beijing's central Tiananmen square.

Mr Jiang made clear in his meeting in Beijing with Mr Carter that he hoped the hoped the summit would elevate a troubled relationship to a new level, saying: "At present, Sino-US ties face an important opportunity for further improvement and growth."

He added: "The two sides should try to enhance trust, develop co-operation and establish a stable and

healthy relationship towards the 21st century."

Sino-US relations have had a bumpy ride over such issues as China's attempts to intimidate Taiwan, human rights abuses, Chinese transfers of weapons technology and claims that Beijing sought to influence the US presidential election through donations to the Democrats.

The administration has made improved ties with Beijing a priority of its second term. Senior US officials were in Beijing last week preparing for the Clinton-Jiang summit.

Officials from both sides say the summit is shaping up as the most important encounter between Chinese and US leaders in a decade. Mr Clinton resisted Beijing's entreaties for a summit during his first term, fearing domestic criticism.

Mr Jiang, a seasoned diplomat, is expected to fulfil an important liaison function between the Hong Kong authorities and Beijing. His appointment was announced yesterday by State Council, China's cabinet.

The Xinhua head was China's most senior representative in Hong Kong before the July 1 handover, but that role is now filled by Mr Ma Yu-zhen, chief of Beijing's new foreign ministry office in Hong Kong. Mr Ma preceded Mr Jiang as ambassador in London.

Recently, much of this money is believed to have been channelled back to Romania to buy state property. The new Romanian government elected last November has made it a priority to crack down on corruption and ensure the transparency and honesty of the privatisation process.

High hopes for US-China summit

Jiang sees improvement in two powers' troubled relationship

By David Owen in Paris

France's Socialist-led government has found a role for Mr Jacques Attali, the former special adviser to the late President François Mitterrand but better known for his controversial stints at the head of the European Bank for Reconstruction and Development.

Mr Claude Allègre, education and technology minister, has entrusted him with a vague but delicate-sounding mission aimed at bringing the country's universities and its famous *grandes écoles*, a training-ground of the French elite, closer together.

Not surprisingly in view of the sort of tremors in the French establishment such a prospect might touch off, yesterday's ministerial announcement was careful to make clear that the "originality" of both institutions would be preserved.

But it indicated that Mr Attali's role would be to engineer a rapprochement in areas such as research, education, diplomas and student mobility.

Mr Allègre believed it "imperative that the higher education system should become permeated - as far as recruitment and training are concerned - with the spirit of innovation, creation, enterprise and initiative".

The proposals of Jacques Attali and the experts he will surround himself with must help to formulate a victorious response to the challenges France is confronted by: increased European integration, globalisation of trade and constantly accelerating scientific and technical progress."

The initiative follows a period in which France's chronically high unemployment has helped touch off the latest in a regular round of debates and discussion about education reform, with the *grande école*-educated élite emerging in some eyes as scapegoats for the country's broader problems.

Commercial banks unaccustomed to lending outside the state sector make it difficult for people to get started. And the returns of speculative investment have been so great that there has been little incentive to grow a long-term business.

In the last few years, though, the number of individually owned enterprises has soared, accounting for nearly 13 per cent of gross industrial output in 1995 compared with 5 per cent in

1990. There were 819,000 privately owned businesses registered in China last year, up 25.2 per cent. More significantly, given China's declining state industries, private businesses boasted income of Yn227.5bn (\$27bn) in 1995, up 51.9 per cent.

Having earned a local reputation as "King of the Mushrooms", Mr Chen finally established his own business in 1992 in Xiamen, the old port city on China's south-east coast, raising a modest loan from the local bank which left him with 90 per cent ownership.

Xiamen Dayang quickly expanded from mushrooms into eel exports to Japan and from there into property development and industrial production. Last year the four-year-old company recorded sales of Yn1bn (\$120m), contributed Yn20m in taxes and boasted a workforce of more than 500 people.

The freedom of being an individually owned entrepreneur has enabled such rapid growth, says Mr Chen.

"What you do not have at state enterprises is individual decision-making power,

but here that is our most important advantage - an effective management mechanism."

Officials at China's State Administration for Industry and Commerce also emphasise the change in public perceptions.

"In the past, pri-

'China has got to encourage the individually owned and individually run economy'

he was disgruntled with life working in a state-owned trading company: "I was earning a lot of money for them, but my efforts were ignored and the politics and working relationships are so difficult in those companies.

"So I decided to set up my own business. With eight years' experience, I had some idea where there was money to be made," he says, explaining why he started in a joint venture exporting fragrant mushrooms to Japan.

"In the past, pri-

vately owned enterprises were looked down upon... but the conditions are more and more generous."

The government is clearly hoping that as many of China's state enterprises splutter towards bankruptcy, private enterprise will offer new avenues of employment. The labour ministry hopes that between 1996 and 2000, more than 185m people will get jobs in the privately owned and self-employed sector.

Mr Chen still complains

about the reluctance of banks to lend to Chinese entrepreneurs and about the occasional obstreperous official.

The next challenge he poses for the Chinese government is his way of avoiding these problems.

Xiamen Dayang has a plan

to list on the mainland stock markets, but this is in the hands of the China Securities Regulatory Commission, which is largely preoccupied with the transformation of state-owned enterprises into shareholding companies and has yet to show enthusiasm for letting entrepreneurs exploit Chi-

na's young stock markets.

With that, he fills another

it: "If China wants to be a

prosperous and strong

nation, it has got to encourage

the development of the

individually owned and

individually run economy. We

James Harding

Service sector fuels economic growth

By Robert Chota,
Economics Editor

Britain's booming service industries are keeping economic growth well above the rate which the government believes to be consistent with stable inflation - even though the manufacturing sector is stagnating.

Excluding oil and gas production, the economy grew by 1 per cent between the first and second quarters of the year, the Office for National Statistics said yesterday.

For the third quarter running, this was well above the economy's estimated "trend" growth rate of

0.5 to 0.6 per cent a quarter. The figures underlined the dichotomy within the economy that is posing a dilemma for the Bank of England in setting interest rate policy. The service sector grew by 1.3 per cent in the quarter, while factory output was little changed.

Service sector growth is being driven by strong domestic spending, while companies exposed to international competition - many of which are in manufacturing - are experiencing a loss of competitiveness because of the strong pound. Sterling was little changed yesterday, closing at DM2.059.

The strength of economic growth is likely to maintain pressure on the Bank of England's monetary policy committee to consider a fourth consecutive monthly increase in interest rates in August. But higher base rates might push the pound up further from a level that most economists believe is already overvalued.

Business services - which include computing and consultancies - are the strongest growing sector of the economy. They grew by 2.6 per cent in the first quarter of the year and the statisticians believe they have recorded a similar rate of growth in the second.

Mr Simon Briscoe, economist at Nikko Europe, argued that this was the only sector of the economy growing seriously above trend - and that raising interest rates would do little to slow it.

The transport and communications sector grew in line with services as a whole, as did distribution, hotels and catering. Recreation, sport and culture rose strongly, while output of government services weakened. Agriculture, forestry and fishing saw little change in the second quarter, while growth in construction appeared to slow temporarily. Energy production bounced back

following the mild weather in the first quarter, while North Sea maintenance depressed the extractive industries.

Including oil and gas production, the economy grew by 0.9 per cent in the second quarter to a level 3.4 per cent up on a year earlier. Output has risen 15.2 per cent since the trough of the recession in early 1992, with services growing 18.4 per cent and industrial production 12.1 per cent. Growth in the latest quarter was in line with the chancellor's recent Budget forecast.

Editorial comment, Page 6

Government and Bank of England prove unable to arrest the currency's appreciation

Market 'herd' keeps pound riding high

Mr Gordon Brown, the chancellor, told the Treasury select committee this week that he would like a stable and competitive pound in the medium term. Sterling responded by soaring, demonstrating that it is one thing to know what you want, but quite another to achieve it.

Mr Nick Parsons, currency strategist at Paribas Capital Markets, puts it this way: "In the medium term I would quite like to win the lottery - but I don't have a clear strategy to bring that about."

The pound has risen almost 35 per cent over the past year on its trade weighted index, and is now worth DM3.0550 and \$1.6658 - a level that has prompted screams of pain from exporters worried about lost markets.

But there are no policy levers that the government can use to bring down the pound.

Interest rates, set by the Bank of England, are high and rising, making sterling attractive to investors. And the Budget - Mr Brown's only chance this year to tighten fiscal policy - is already past.

That leaves foreign exchange intervention: sell-

ing pounds in the currency market. The Bank of England is thought to be considering this. But strategists unanimously say that intervention would fail.

Most insist that intervention only works when it nudges the market in a direction in which it was inclined to move anyway.

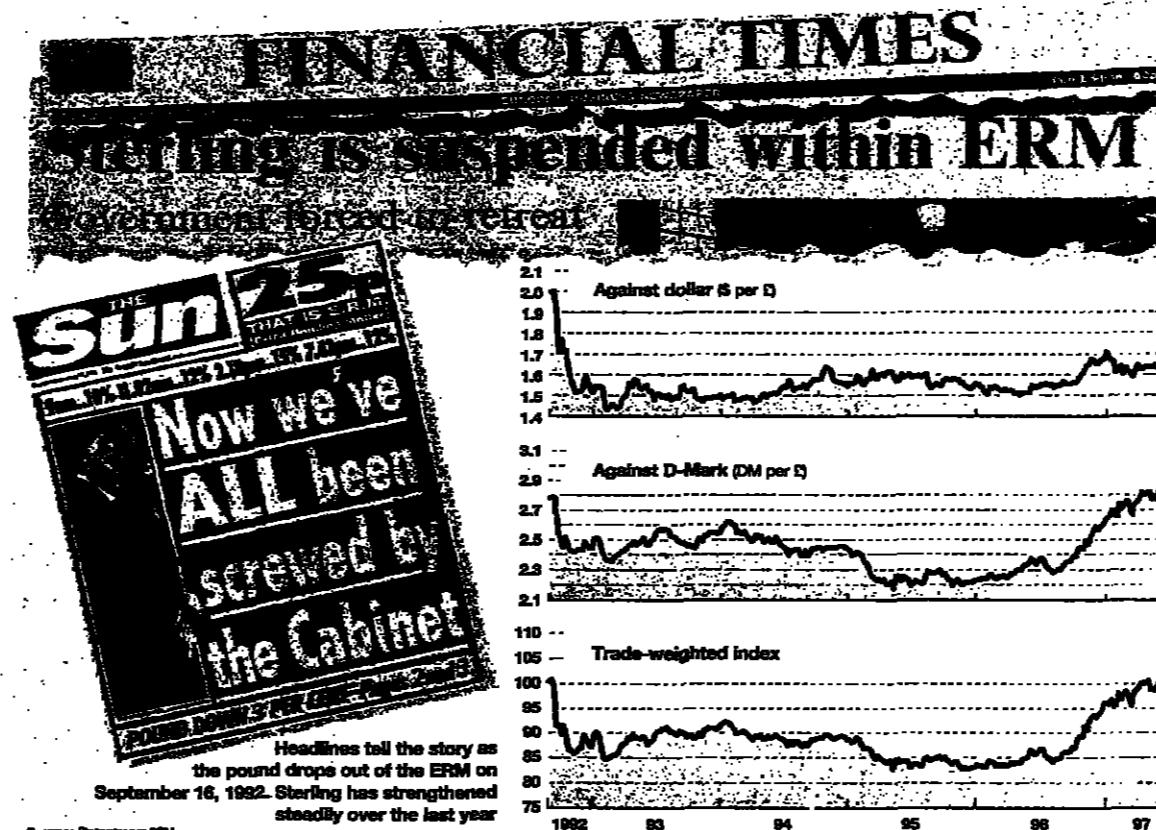
As Ms Kathryn Dominguez and Mr Jeffrey Frankel, two US academics, put it: "The foreign exchange market is a herd of steers, and central banks are hard dogs. They bark and nip at the heels of the steers with the aim of moving the herd in the desired direction."

If many traders think sterling should fall and central banks suddenly sell a few hundred million pounds in the market, that could set the currency on a downward path.

The German, US and Japanese central banks succeeded in boosting the dollar in this way in 1995 because most in the market already thought it was undervalued.

The Plaza Accord of 1985 managed to weaken the dollar partly because the currency was widely considered overvalued and partly because the world's main central banks acted as one.

But if the market steers do not want to move, there is



Source: Commerzbank/CV

little that central banks can do to shift them.

The Bank of England has little power to weaken the pound, because most traders think its strength is justified. Mr Michael Burke, senior economist at CitiBank, said: "We're very far from saturation of market demand for either sterling or dollars."

The pound is propped up not only by high interest rates, but also by its status as a safe haven from European monetary union. The

market thinks that Emu will take the D-Mark into a weak euro, and money is therefore fleeing the Emu zone into currencies such as sterling, the dollar and the Swedish krona.

The pound may be too strong for UK manufacturing exporters, but that is not enough to tip the balance against it. If the Bank of England intervened, it would be going against the grain.

The Bank itself is thought to have come round to this view in recent years. The

Old Lady still smarts from the memory of September 1992, when it spent about \$30bn of its foreign exchange reserves buying pounds in a doomed attempt to keep sterling in the European exchange-rate mechanism.

The losses from that intervention were estimated at £20bn-£4bn (\$35bn-\$7bn), although they may be more modest now that the pounds bought then have gained so sharply in value this year.

Furthermore, central banks are not the market

heavyweights they were. The volume of average daily currencies trading dwarfs the forex reserves of the world's main central banks. Two decades ago, the boot was on the other foot.

"I think the pound is going to stay above DM3.00 for the rest of the year," said Mr Jeremy Hawkins, chief economist at Bank of America in London.

The steers are still running wild.

Simon Kuper

Rail commuters offered jobs as part-time guards

By Andrew Bolger in London

London rail commuters are being offered free travel - and the chance to make a profit - on their daily trip to work. Instead of poring over the crossword or staring vacantly out of the window they would act as part-time train guards on the way to their day job in the City.

This is the unusual offer from Great Eastern Railway, operator of trains from London's Liverpool Street station.

about the safety implications of the scheme. And Mr Lew Adams, general secretary of Aslef, the train drivers' union, said the plan was a "safety nightmare".

The passenger watchdog dog, the Central Rail Users' Consultative Committee, said it was worried because "the safety of thousands of passengers would be in the hands of part-timers".

An "astonished" Mr Jimmy Knapp, general secretary of the RMT, said:

"Do-it-yourself railways is the most bizarre idea I have come across in 40 years in the industry. What next? DIY train drivers and signalmen?"

Mr Mike Turner, Great Eastern's commercial director, said the guard was there so we don't expect many will be interested in the chance of earning some extra money - and saving on their season ticket - but there is no doubt this could be a lucrative way of spending the journey."

Mr Turner saw a similar scheme in Hong Kong and

decided to launch the idea in the UK. The part-timers will jump off their train at every stop to check the doors and signal the driver to depart.

Great Eastern said anyone could apply. It had heard from a 25-year-old secretary, who sounded ideal, and would save £250 a month.

Applicants need good colour vision - and must be able to stay awake. "Anyone caught sleeping would lose their job," said Great Eastern.

Lords warned not to interfere on devolution

By Robert Wright
and John Kampfner

The government last night warned the Conservative-dominated House of Lords not to interfere with its devolution plans on the first day of campaigning for both pro and anti Scottish devolution camps.

Speaking at a rally to launch the Yes campaign for Scottish devolution in Glasgow last night, Mr Gordon Brown, the chancellor of the exchequer, said the September 11 referendum would provide "a clear expression of the will of the Scottish people".

He said: "The House of Lords, elected by no one, should think again before voting down or delaying devolution plans and frustrating the will of the people." His warning came on the day Mr Donald Dewar, the Scottish secretary, launched the pro-devolution campaign with a stout defence of the white paper proposals, drawing favourable comparisons between the present proposals and the plan which came close to coming into being in 1979.

Mr Dewar, defending the assertion of Westminster's sovereignty in the white paper, said: "Westminster will be choosing to exercise sovereignty in a new way -

through a devolved Scottish parliament... Technically, Westminster could abolish it.

In the absence of a written constitution in the UK that will always be the case. But... I cannot imagine a UK government contemplating abolition, so raising tension, perhaps even constitutional crisis."

He played down the importance of a low turnout in the failure of the 1979 proposals, which were destroyed partly by the failure of the referendum to achieve its turnout target.

Mr Dewar said: "In 1979 the disappointment was not the turnout; it was the closeness of the vote. We are now in very different circumstances."

Meanwhile, Mr Donald Findlay, a well-known advocate (barrister), claimed at the launch of the anti-devolution Think Twice campaign that changes to the parliament's proposed tax-raising powers made the powers more significant than previously thought.

He said: "The prospect of Scottish politicians dreaming up new schemes to fleece the Scottish public is frankly frightening... The most vulnerable targets will be those without a vote and businesses could especially suffer."

I was dressed up differently, but for many Scots the announcement on Thursday of the government's plans for devolution of power to Scotland heralded the beginning of the end of 300 years of English hegemony.

The plan to establish a parliament in Edinburgh, the Scottish capital, with legislative and tax-varying powers, is the most radical component in the Labour government's project of constitutional reform. Its functions, authority and method of election will have repercussions far beyond Scotland's borders.

Our aim is to make government more open, more accessible and more accountable to the people whom we serve, and to give the UK a modern constitution fit for the twenty-first century," Mr Donald Dewar, the Scottish secretary, told the House of Commons.

The detail of the proposed legislation has been the subject of heated argument in cabinet, with several ministers - sensing the irreversibility of the undertaking - fighting to water down the plans. The result is an intricate balance between London and Edinburgh, with complex legal mechanisms for solving disputes. But as one cabinet member put it: "Power will slip away incrementally."

Mr Tony Blair, the prime minister, inherited the commitment to Scottish and

Welsh devolution from the late John Smith, his predecessor as leader of the Labour party. He has, friends admit, never felt comfortable with it. He did not endorse himself to many Scottish politicians by suggesting the powers of the new parliament would correspond to those of "parish council" and that sovereignty would reside "with me as an English MP".

But once he had reconciled himself to devolution, he decided to lead from the front. Mr Blair does not like losing, and almost certainly will not lose. Scotland's 3m voters will be asked in a referendum on September 11 to endorse the plans for the parliament. In addition, they will be asked to approve giving that parliament the power to raise or lower the basic rate of income tax for all people living in Scotland by 3p in the pound. Mr Blair will lead a typically professional Labour campaign for a "yes, yes" vote.

This will be no paper parliament. Its 129 members, elected in early 1999 through a combination of proportional representation and the traditional first-past-the-post constituency system, will select a first minister - a prime minister in all but name.

Members of the Scottish parliament (MPs) will have control over health, education, housing, local government, law and order - and the £14bn budget at present given to the Scottish Office by the Treasury. Mr Blair has ensured that most economic decision-making will remain in London, to prevent the Scots from imposing hostile taxes and regulation on business.

But in many areas, Mr Dewar and the more radical Scots in the cabinet have won the day. The document lists the demarcation

between London and Edinburgh, policy area by policy area. One clause gives a clue to the future. "There will be provision for transferring further matters to and from the reserved list by Order in Council, which would be approved by both parliaments."

In plain English, this means that - over time - areas reserved for London

UK NEWS DIGEST

Ahern meets with Adams

Ireland's prime minister Mr Bertie Ahern met Mr Gerry Adams, the Sinn Féin leader, in Dublin yesterday formally re-establishing contact with the Irish Republican Army's political wing for the first time since the ceasefire last weekend. Mr Adams is expected to meet with Senator George Mitchell, chairman of the Northern Ireland talks, in Belfast on Wednesday and Ms Mo Mowlam, the Northern Ireland secretary in the next few weeks, before being admitted to negotiations in early September.

Mr Ahern sought to play down yesterday's meeting - attended by Mr John Hume, leader of Northern Ireland's moderate nationalist SDLP - aware of unionist perception that they are being bounced into constitutional change that could lead to a united Ireland.

John Murray Brown

GULF WAR SYNDROME

MoD to study US research

The Ministry of Defence is to study new US research showing that the number of Gulf War troops put at risk by a poisonous cloud of Iraqi chemicals has been underestimated.

British officials have asked the Americans to send them the results of new findings showing that winds at the time may have spread the gas further than they had thought. But neither the MoD nor the Americans believe there is any connection with the mystery "Gulf War syndrome" reported by some veterans of the conflict. The Pentagon believes five times as many American troops may have been affected by the chemicals than their original estimate. The CIA admitted last year that when US troops bombed a chemical weapons depot at Khamisiyah, in southern Iraq, on March 10, 1991, it produced a poison cloud which drifted over Allied troops.

It was not realised until 1996 that 12mm chemical rockets had been stored in the depot. Earlier, the Americans had estimated that about 20,000 American troops might have been put at risk.

But now researchers have done a more in-depth study, looking at factors such as the strength of the wind on the day concerned, the exact location of troops and the purity of the chemicals in the rockets. They estimate that the gas travelled as far as 300 miles and that some 98,000 troops were under the cloud between March 10 and 13.

DIVIDEND TAX CREDITS

Trust companies make protest

The Association of Investment Trust Companies has written to Mrs Helen Liddell, the economic secretary, to protest about the "extremely serious" effect of the changes to dividend tax credits announced in the Budget. A side effect of the change is that unit and investment trusts will no longer be able to offset expenses against income from UK shares before calculating their tax liability. The estimated £250m added cost "heavily penalises UK equity funds whereas other types of fund are unaffected" the trade body says. It also warns that it is aware of a "number of management houses who are actively considering" moving offshore to avoid the new tax increase. An amendment to the finance bill, which sought to exclude investment trusts from the relevant tax change, has been defeated. The AITC says it still hopes Mrs Liddell "will be able to do something about the unfortunate and perhaps unintended" effects of the Budget change on investment trusts.

Jean Eggleston

DAIRY FARMING

Price cuts fail to help milk sales

Milk Marque, the dairy farmers' marketing co-operative, has failed to sell all the milk it will have available from October, in spite of cutting prices. This follows under-bidding in the last tender for contracts which began in April.

Since April, Milk Marque has sold excess milk on the spot market. Lower prices have cut returns to dairy farmers and some have been leaving the co-operative, either retiring or switching to selling directly to processors.

The dairy processors, Milk Marque's customers, were reluctant to bid for milk on six-month contracts starting in October as they expect prices to fall before then because of sterling's strength. Milk Marque said it had accepted offers for "up to 85 per cent" of the 14m litres of milk it will have available from October.

Mr David Yeomans, chief executive of Milk Marque, said: "This is an encouraging result in a difficult market environment." He chose not to cut prices again and seek more bids.

In an increasingly bitter war the processors argued Milk Marque's prices were too high to enable them to make a sufficient profit. Milk Marque replied that the processors were inefficient.

Maggie Urry

can be picked off by the Scots.

The government has made clear that the proposals are intended to strengthen the Union. Had it done nothing, the pressure for full-scale independence would have increased. Challenged on this yesterday, Mr Dewar acknowledged that the Scottish parliament would be able to call a referendum on independence. While nothing could be done without the endorsement of London politicians in both capitals would have to take note.

While surveys indicate that independence has only minority support in Scotland, the new parliament will be anything but a puppet of London. The timing of the first elections will be awkward, coming at a point in the political cycle when government ratings dip, and when some are predicting the start of an economic downturn.

The introduction of proportional representation could mean trouble for the government, with the Scottish Nationalist and Liberal Democrats - both advocates of more public spending - enjoying a fairer distribution of seats - as would a revived Conservative party.

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Saturday July 26 1997

Mr Brown vs Mr Murphy

The financial markets are not immune from the law of gravity, but their universe lacks all respect for the clockwork mechanics of Newtonian physics. While it is safe to predict that the relentless appreciation of sterling will ultimately be reversed, the timing remains reliably obscure.

As Mr Gordon Brown contemplates sterling's giddy ascent and the mounting evidence of overheating in the UK economy, he can at least console himself that he is not the first chancellor to be trapped in this particular box. The intriguing question is whether circumstances today are closer to 1979 or 1987.

Before Margaret Thatcher's first election victory the economy was growing very rapidly. The rise in the exchange rate in the first three months after the May 1979 election was much the same as in the past three months. The outcome in the earlier period was the decimation of British manufacturing.

In 1987, the year of Mrs Thatcher's third electoral victory, the more eye-catching phenomenon was an astonishing 5.3 per cent growth in consumer spending, which fuelled 4 per cent growth in output. Base rates had to rise by 5 percentage points over two years before inflation started to come under control again. There followed the flight into the European exchange rate mechanism at too high a parity for sterling, along with another painful recession.

In the light of these precedents it makes sense to ask whether there is any way out of the present policy bind that bypasses a further recession. At present the odds are still on a slowdown rather than a decline in output. But even that will fall short of a soft landing because demand in the economy is so unbalanced. As the numbers for second quarter growth in gross domestic product confirmed this week, manufacturing output has been flat while services are growing strongly.

Financial stocks

The dilemma for policy is that the level of interest rates needed to curb excess demand in services is one which threatens the tradeable goods sector by contributing to an overvalued exchange rate. The problem is then compounded by Murphy's law of the markets, which upsets gravity - witness the ballooning value of this year's windfalls from demutualisation.

At the start of the year, these were expected to be worth not

much more than £20bn. Yet because of the squeeze on many manufacturing sectors, analysts were soon touting financial stocks on the ground that they enjoyed protection from exchange rate pressures. Institutions were also anxious to increase their exposure to a sector which was about to account for a much bigger proportion of the stock market's capitalisation. A bubble quickly developed.

Upward pressure

By the time the election was out of the way, the bubble had inflated windfall estimates to £35bn. With 25 per cent or so going into private consumption, this is now adding to the pressures on demand. And to the extent that financial shares were being bought by foreign investors, there was yet more upward pressure on sterling. The whole process - call it Murphy's multiplier - encouraged further polarisation in the economy and the stock market.

Of course the comparisons with earlier periods are not exact. As Marie Sheldon and Garry Young point out in an article in the latest National Institute Economic Review, a sterling exchange rate of DM3 in 1987 is very different from the same rate today. Since then hourly earnings in the UK have risen by 85 per cent in money terms, whereas equivalent earnings in west Germany have risen only 55 per cent. With little difference in productivity growth, this would suggest that today's exchange rate of around DM3 is equivalent to a real rate of about 3.90 in 1987.

It follows that the exchange rate is exerting a much more powerful downward pressure on inflation than in the Lawson boom. It is striking, too, that UK earnings growth is far from buoyant for this stage in the cycle. The fiscal stance is already much tighter than in the late 1980s, with the public sector contributing nothing to growth over the next two years. Real interest rates are also much higher.

In short, the extent of sterling's rise increasingly raises a risk of policy overkill. It is compounded because of the difficulties of predicting the strength of consumer demand once the windfalls are out of the way. As Mr Gavin Davies of Goldman Sachs remarked to the Treasury select committee, this is the stage in the cycle when economic judgments are most difficult and the consequences of errors most severe.

At the start of the year, these were expected to be worth not

more than £20bn. Yet because of the squeeze on many manufacturing sectors, analysts were soon touting financial stocks on the ground that they enjoyed protection from exchange rate pressures. Institutions were also anxious to increase their exposure to a sector which was about to account for a much bigger proportion of the stock market's capitalisation. A bubble quickly developed.

The immediate result was a flurry of briefings and press conferences, claims and counter-claims. Our deal, the Arnault camp said, is worth an extra £2bn. Rubbish, Guinness and GrandMet said. It would present our shareholders with a £15bn tax bill.

Mr Arnault's opposition to the deal has been public ever since it was announced in May. This week, though, saw a raising of the stakes. Both sides are settling in for a stubborn war of attrition.

For all the disagreement, there was a marked desire in each camp to appear non-aggressive. The reason is plain. If it comes to a showdown, both stand to lose either way.

The difference between the two plans is simple and fundamental. Guinness and GrandMet want to combine their two sprawling empires into one giant entity comprising beer, ice cream, hamburgers, whisky and much besides. Thereafter, they may or may not do a side deal with Mr Arnault, a third of whose Moët Hennessy drinks subsidiary Guinness already owns.

Guinness insist, will not happen. The whole of Moët Hennessy must be combined in a three-way deal with the drinks businesses of the other two.

At first, Guinness and GrandMet rejected this. This week they shifted their ground. The idea had merit, they said, but only on the right terms. Specifically, Mr Arnault's bid for 35 per cent holding in DrinksCo - as the proposed entity has been dubbed - was wholly out of court.

So far, it sounds a promising basis for haggling. The real sticking point, though, is more fundamental. Mr Arnault has one non-negotiable condition: DrinksCo must be an independent company, with separate management.

On the face of it, this part of the plan is slightly cheeky. Since Mr Arnault only wants a holding in DrinksCo, what happens to the rest of Guinness-GrandMet thereafter is none of his business. But of course, it is in his interest to persuade other shareholders that demerger would make them rich, since demerger is a necessary corollary to his basic proposal.

There is a further intriguing possibility. Conceivably, he said this week, the deal might be amended so that he took stakes in the demerged companies as well as in DrinksCo. But that would still be subject to the con-



food and food manufacture. At present, he claims, independent analysis shows that those businesses suffer from a so-called "conglomerate discount". Set them free, and their combined market value would be worth an extra £1.6bn - a proposition which Guinness and GrandMet hotly reject.

On the face of it, this part of the plan is slightly cheeky. Since Mr Arnault only wants a holding in DrinksCo, what happens to the rest of Guinness-GrandMet thereafter is none of his business. But of course, it is in his interest to persuade other shareholders that demerger would make them rich, since demerger is a necessary corollary to his basic proposal.

To be fair to Mr Arnault, there may be more to it than that. He makes much of the fact that in the past five years, LVMH has been one of the stars of the French stock market, outperforming the index by some 45 per cent. In the same period, Guinness and GrandMet have underperformed the London market by 43 per cent and 29 per cent respectively.

In other words, Mr Arnault may believe - though it would be impolite to say so - that the drinks business is best not left to

the blundering British. It was not a matter, he said this week, of seeking control. He would be quite happy for DrinksCo to have a majority of independent directors, set up under Cadbury rules.

At the same time, he had no intention of being a passive investor.

The argument has a long way to run. Guinness and GrandMet still need regulatory clearance for merger, and will not be in a position to send a formal document to shareholders until November. Meanwhile, both sides will talk, and Mr Arnault will continue his trips to London to woo the institutions.

Falling a resolution, things could turn nasty. Mr Arnault holds a 12 per cent stake in Guinness and 11 per cent of GrandMet, with a combined market value of close to £3bn. If thwarted, he says, he will simply build up his stake and enlist enough shareholder sup-

port to block the merger. Whether this succeeded or not, it could be commercially damaging to both parties. Guinness and Moët Hennessy have joint venture distribution agreements around the world. Guinness insists these are less important than a decade ago. But there is no doubt they still matter.

GrandMet intends that some of its products should also go through these ventures after it merges with Guinness. Not so fast, LVMH said this week. Not unless we say so.

So if Guinness and GrandMet won, they would still suffer a setback. Nor would victory be clear-cut for Mr Arnault. Forcing together British and French drinks executives at the expense of detonating the whole Guinness-GrandMet empire is scarcely the best recipe for a smooth running business.

But can Mr Arnault really hope to win? This is the most perplexing question of all. Brute force does not seem the answer. A 25 per cent stake in GrandMet would be enough to block the deal as presently constituted. But as Guinness and GrandMet hinted yesterday, their answer would simply be to restructure the deal.

As for persuading the institutions, Mr Arnault has two problems. The first is that Mr John McGrath, chief executive of the merged Guinness-GrandMet, is a forceful and plausible advocate of shareholder value. His message is a simple one: that if he can cut any deal with Mr Arnault that will raise the share price, he will do so. Otherwise, forget it.

Mr Arnault's other problem is his own reputation. His initial approach has laid him open to accusations of greed, or even greenmail - that is, being paid to go away. Before the investing institutions succumb, they will need a good deal of convincing that his proposals are not more beneficial to Mr Arnault than to his fellow shareholders.

In addition, Mr Arnault's position is not without weakness. As Mr McGrath points out, the combined LVMH stake in Guinness and GrandMet is worth around as much as Moët Hennessy itself. If Mr Arnault blocks the deal, that stake will lose a large chunk of its value as the share prices drop.

None of this means the British camp can sleep easy. The Guinness chairman, Mr Tony Greener, has been a sparing partner of Mr Arnault for years. As he remarked yesterday: "Mr Arnault is an extremely clever, resolute, good businessman."

The London stock market has underestimated him before, and has come to regret it. The weaker his position looks, and the steeper his bluff, the more the question presents itself: what has he got up his sleeve?

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938, e-mail: letters.editor@ft.com Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

Environment at heart of CAP reform

From Mr Tony Long.
Sir, Maggie Utley and Ralph Atkins ("Farming reforms sow seeds of doubt", July 18) are right to call the proposed Common Agricultural Policy reforms "a step in the right direction". That direction is now becoming clear. After 40 years of emphasising narrow production goals, the CAP is at last poised to promote a wider range of objectives, including the production of high quality food, the protection - not exploitation - of nature and the environment and the encouragement of sustainable rural development.

But while the direction of reform is becoming more clear,

the enthusiasm of the member states to embrace the changes is less certain. An important test of their resolve will come at the Luxembourg European Council meeting in December. Discussion of the Commission's Agenda 2000 document will be followed shortly afterwards by firm legislative proposals starting during the six-month UK presidency of the European Union. This is when the UK government should push for greater allocation of budgetary resources to agri-environmental measures, establish proposals to make all compensatory payments conditional on respect for the environment and begin to define a European sus-

tainable rural development policy.

The UK government has pledged to use its EU presidency to push CAP reform. It must look to building alliances with other member states to do so. CAP reform is welcome, of course, but only if it goes in the right direction by placing protection of the environment and food quality at the heart of farming.

Tony Long,
director,
European policy office,
WWF - World Wide Fund for
Nature,
36 Avenue de Tervuren,
B-1040 Brussels, Belgium

UK gas regulator seeks price transparency

From Ms Clare Spottiswoode.

Sir, I fully concur with the letter (July 24) from David Varney, chief executive of BG, in which he refers to the present review of the regulation of the utility industries and the trade and industry secretary's guiding principles of transparency, consistency, predictability and enhanced accountability. Our interpretation of the Monopolies and Mergers Commission's recommendations on Transco's forthcoming price control, published in our consultation document on Tuesday, was based on precisely these principles.

It appears that Transco substantially underestimated to the MMC the volume of gas likely to be transported in the price control period 1997-2002. On the latest estimates, taken together with other recommendations of

the MMC, Transco's revenue would be likely to be significantly greater than indicated by the MMC. Mr Varney mentioned to us the difference could amount to an additional £500m in revenue over the price control period. Unless some action is taken by Ofgas, customers would be paying these excess revenues in their charges.

We considered it important for the transparency of the regulatory process to bring this matter into the public domain in our consultation document. Moreover, we did not think it right knowingly to propose setting the price control on information which is now out of date thereby delivering a result the MMC did not anticipate. We consider that to do so could have brought the regulatory regime into disrepute. It seemed to us that the fairest

course would be to base the control on Transco's own estimates of volumes submitted to the MMC and used by the Commission in framing its recommendations.

If in fact BG does believe its own forecasts, it should be consistent with our proposals. This is to ensure that Transco receives as nearly as possible the revenues recommended by the MMC. Ofgas will gladly consider them.

Clare Spottiswoode,
Ofgas,
130 Wilton Road,
London SW1V 1LQ, UK

course would be to base the control on Transco's own estimates of volumes submitted to the MMC and used by the Commission in framing its recommendations.

If in fact BG does believe its own forecasts, it should be consistent with our proposals. This is to ensure that Transco receives as nearly as possible the revenues recommended by the MMC. Ofgas will gladly consider them.

Clare Spottiswoode,
Ofgas,
130 Wilton Road,
London SW1V 1LQ, UK

Present both sides of story

From Mr Peter Randall.

Sir, So the Nationwide members have decided to retain mutuality and to reject becoming a bank. This result should certainly have come as no surprise to anybody who has witnessed the press ganging of voters at Nationwide branches.

At the Nationwide branch nearest my work there were many banners and leaflets throughout the branch pointing out the benefits of mutuality. None presenting the alternative view was displayed. All customers were asked at the counter was whether they had voted in the election. If their answer was no, they were then offered a ballot paper. No attempt was made to explain the issues involved or to explain that the voter would receive a windfall bonus if the society were to convert. Normally the only advice proffered was along the lines of "we want you to vote for these people" and the required places to vote were pointed out on the ballot paper.

The Nationwide was, rightly, lauded for offering members the opportunity to vote in an election. Its press-ganging approach, however, made a mockery of the procedure. If it really wants to strike a blow for the benefits of mutuality why does it not proceed with plans to convert, calculate the windfall bonus likely to be received by members and then put the issue to its members? Oh and also... present both sides of the argument in their branches.

Peter Randall,
23 Conduit Hill Rise,
Thame, Oxon OX9 2EJ, UK

Prices for electricity determined for the purposes of the electricity pooling and distribution scheme in England and Wales			
Period for which	Pool	Price	Period of
1/3 hour	pool	11.82	pool
1 day	pool	11.82	pool
1 week	pool	11.82	pool
1 month	pool	11.82	pool
1 quarter	pool	11.82	pool
1 year	pool	11.82	pool
1/3 hour	pool	11.78	pool
1 day	pool	11.78	pool
1 week	pool	11.78	pool
1 month	pool	11.78	pool
1 quarter	pool	11.78	pool
1 year	pool	11.78	pool
1/3 hour	pool	11.75	pool
1 day	pool	11.75	pool
1 week	pool	11.75	pool
1 month	pool	11.75	pool
1 quarter	pool	11.75	pool
1 year	pool	11.75	pool
1/3 hour	pool	11.72	pool
1 day	pool	11.72	pool
1 week	pool	11.72	pool
1 month	pool	11.72	pool
1 quarter	pool	11.72	pool
1 year	pool	11.72	pool
1/3 hour	pool	11.69	pool
1 day	pool	11.69	pool
1 week	pool	11.69	

In the old centre of Kuala Lumpur, Malaysia's capital, there is a cricket pitch, a mock Tudor club and a church with a spire that would sit comfortably in any British county town. Even some old colonial customs survive: ladies are not supposed to drink in the club's Long Bar.

Visitors might assume that such relics are preserved out of affection for the British era, which ended with independence in 1957. But Dr Mahathir Mohamad, the prime minister, says they are there as a reminder of past humiliations.

"If [Malaysians] do not wish to be colonised again, in whatever form, they must learn to manage their affairs better," Dr Mahathir says.

Remarks such as this have been a hallmark of the Malaysian prime minister's 16 years in office. Over the years, many aspects of western society have provoked his ire. Western trade unions have been accused of inciting their Malaysian counterparts to militancy. Australian journalists have been called "congenital liars", and the United Nations a tool of superpowers. Western society in general is often excoriated as a fount of decadence and spiritual bankruptcy.

This month Dr Mahathir, fresh from a two-month absence overseas, has been similarly outspoken, aiming his indignation at, among others, speculators in international currency markets. "We are told we must open up, that trade and commerce must be totally free. Free for whom? For rogue speculators?" he thundered at this week's meeting in Kuala Lumpur of the Association of South-east Asian Nations (Asean), the region's top international grouping. "Or for anarchists wanting to destroy weak countries to open societies, to force us to submit to the dictatorship of international manipulators?"

Dr Mahathir's attack on speculation comes at a time of currency turmoil for several Asian currencies, including the Malaysian ringgit. The difficulties, prompted by Thailand's devaluation of the baht earlier this month, have called into question the sustainability of the economic "miracle" that has transformed several south-east Asian economies.

Dr Mahathir's comments

Man in the News · Mahathir Mohamad

Master of contradictions

James Kyne on strong words from the Malaysian prime minister

were viewed as particularly significant since Malaysia has, in recent years, done more than any other nation in south-east Asia to reform and open up its domestic markets. As for currency speculation, Kuala Lumpur's own central bank once had a reputation for being a fearsome speculator.

Dr Mahathir this week also inveighed against the increasing power of multinational companies, which he said were "swallowing up chunks of the business in the developing world". But Malaysia is an attractive host to these very same companies and its economy has been considerably enriched by their investments.

He has also rejected suggestions by some – including his deputy prime minister, Mr Anwar Ibrahim – that Asean should intervene more to smooth the path of democracy in countries such as Cambodia and Burma. Dr Mahathir believes one of Asean's founding principles of allowing countries to decide their own fate should not be violated.

Though he is often irascible and – from a western viewpoint – defiant, Dr Mahathir could never be described as irrelevant. He is widely regarded as one of the developing world's most forceful spokesmen. The more moderate among the Islamic nations view him as something of a standard-bearer for their cause.

He is an enigma, a master of holding two contradictory views at the same time," says one foreign businessman with many years of experience in Malaysia. "It is more instructive to judge him by what he does rather than what he says."

In the 1980s, Dr Mahathir launched a "Buy British Last" campaign to register discontent with the Thatcher government's decision to raise tuition fees for foreign students. Yet he had a good personal rapport with Baroness Thatcher, who praised him as a true statesman. In spite of being a trenchant critic of the western media, this travelled to Hollywood this year to woo

investment from the citadel of western creativity and sin.

"His vision for Malaysia was for the final exorcism of the humiliations he had endured under colonialism," says one Malaysian author of Dr Mahathir. "He wanted Malaysia to be a strong, developed nation, able to compete and beat the developed world... No more little brown men at the feet of great white masters."

Dr Mahathir's railing against the west is intended to serve two purposes. First, he hopes to inculcate Malaysians with a sense that they are the equal of foreigners. Second, it allows him to reap the benefits of being seen as a champion of the developing world.

His close personal contacts with leaders such as Mr Nelson Mandela, South Africa's president, and Mr Robert Mugabe, Zimbabwe's leader, for example, have helped secure important commercial contracts for Malaysian companies in those countries.

The danger for Malaysia,



George Parker reports on Tony Blair's enduring popularity

A long honeymoon

When Liam Gallagher, lead singer of pop group Oasis, married the actress Patsy Kensit this year, they spent a celebrated 48-hour honeymoon cocooned in a London hotel room enjoying the first flushes of marital life.

That's nothing. Mr Tony Blair, who will entertain members of Oasis at Number 10 Downing Street next week, is enjoying a honeymoon with the British public that is every bit as intense and more protracted.

This month an opinion poll found Mr Blair had a record 83 per cent approval rating, even after a tax-raising Budget. A poll last month could find only 7 per cent unhappy with his performance. Mr Blair swept into office in May on a wave of national optimism. Next month, when he goes to Tuscany on holiday, he will ponder how long this can last.

Signs that the public's ardour is cooling are hard to find. The search for any hint of discord leads inexorably to wealthy Huntingdon, the most Blair-sceptic constituency in the land. Mr Major, the defeated prime minister, won this eastern England seat on May 1 with a majority of more than 18,000 – the biggest Conservative margin.

The St Neots Conservative club, the largest in the constituency with more than 1,750 members, is arguably the place where Mr Blair could expect the frostiest welcome. On a Thursday afternoon, the club is heaving with elderly folk in from the market. Here, surely, they can find fault with the fresh-faced premier.

Alas, not. The consensus appears to be that Mr Blair is successfully implementing Conservative policies with the kind of firm leadership they used to admire from Mrs Margaret Thatcher.

"Blair is a clever guy, but he's basically an actor – a second-class Tory," says Mr Gerry Davis, a machine oper-



Right on cue: Conservative club secretary Andrew Hubsard

ator in a paper factory in the town. "He works along the lines of Maggie Thatcher."

Mr Andrew Hubsard, the secretary of the St Neots club, says Mrs Thatcher had a strong political vision coupled with a streak of populism that kept a sufficient section of the British people on her side. But many loathed her.

Mr Blair's achievement has been to bring most of the people with him.

"New Labour is basically what the Tory party used to be about," says Mr Hubsard.

"They have moved into the centre and there is not that much difference any more."

Even Mr Major's own local party chairman, Mr John Bridge, admits Mr Blair has made a good start. But Mr Bridge, the managing director of a road haulage company, agrees with colleagues in the St Neots club that rising interest rates and the soaring pound are harbinger of doom. "I think there could be a downturn in the first quarter of next year,"

he says. He believes a resurgence of union militancy and dissent in the lower ranks will eventually destabilise the prime minister.

For the time being, Mr Blair is on a roll. The "feel-good factor" that acquired an almost mythical status under the Tories is suddenly present in spades. It is not just the economy. Mr Blair's triumphant arrival in Downing Street, bathed in glorious May sunshine, appeared to give the country the excuse it needed to revel in a spirit of national revival.

A self-deprecating nation by instinct, its spirits eroded by 50 years of relative decline, Britain found itself at the centre of worldwide acclamation. Britain's sportsmen were triumphant on the football, cricket and rugby fields; glamorous Italian footballers were lining up to play in the Premiership; the UK's popular music was conquering the world.

Mr Peter Lunt of the psychology department of Uni-

versity College, London, says British voters have made a big investment in Labour. "There is a feeling that here is someone who is trying to change politics – someone who will be inclusive in his approach," he says.

This principle is applied in Mr Blair's attempt to draw diverse strands of society into his "project" – to give them a stake in the success of his government. The business community has been brought in to drive a number of policy reviews; the Liberal Democrats have been given seats on a cabinet committee; sports stars have been invited to a gala evening at Number 10; the Oasis reception is a nod to the young.

Because of the coalition of people wishing Mr Blair to succeed, he has been able to push through contentious policies with only murmurs of dissent, and brush aside awkward events with ease.

Interest rates have risen three times since May 1; students will have to pay for higher education; the budget pushed through 17 tax rises; welfare payments are to be cut.

The absence of any effective Tory opposition has helped Mr Blair. And the media have had little success in bringing the new prime minister down to earth.

Mr Major found to his cost that governments take time to establish a reputation. Once his administration became associated with sleaze, division and incompetence, every minor event was blown up as an illustration of the larger picture.

Mr Blair's government, for the moment at least, is associated with firm leadership and almost hyperactive radicalism. Given time, the Tories and the media will expose its weak points and expose them ruthlessly.

In the meantime, the honeymoon continues, the lazy days of summer are upon us and Britain feels good about itself. Mr Blair should enjoy it while he can.

Eager to showcase its revival after years of war and destruction, Lebanon this week relaunched the Baalbek festival, a once-famous feast of music and dance around Baalbek's Roman ruins.

But walk down the dirt-piled streets of the north-eastern town and drive through surrounding villages, and you will find that very few care to discuss Russian cellist Mstislav Rostropovich or Lebanon's folkloric Caracalla dance group – the highlights of the festival.

Ask them about hashish,

on the other hand, and the conversation will live up.

The people of Baalbek will pour out their anger and frustration at the loss of what was once an extraordinary business. They will complain about their impoverishment since the Lebanese government, on orders from Damascus – Lebanon's power-broker – eradicated cannabis and opium poppy production in 1992.

In the early 1990s, in the village of Yammouni, an hour's drive from the Roman ruins, the dollars rolled in and small farmers indulged in pleasures they had long dreamed of. "Those were the good old days," recalls a farmer. "When the economy was thriving, when we sent our children to universities, and we travelled to Paris. Now we barely have enough money to eat – and nothing to smoke."

On what used to be a field of cannabis on the edge of a narrow river that swirls through the Yammouni valley, a restaurant now stands, empty on most days. "I remember when a foreigner would come this way and spend \$1,000 in a single day [on hashish]," says the farmer. "Now this restaurant is lucky to make a mere \$10 a day."

Lebanon is still referred to in US state department reports on drugs as a significant transit route for the re-export of cocaine. The Bekaa Valley is still reported to have small laboratories processing opium into heroin.

In the meantime, the

honeymoon continues, the lazy days of summer are upon us and Britain feels good about itself. Mr Blair should enjoy it while he can.

Hashish to hardship

Roula Khalaf on the nostalgia poor Lebanese farmers feel for the illicit crop

considered to have wiped out most production. The international community considers it quite a success.

For the 27,000 farming families in Baalbek, these farmers have become followers of Sheikh Sobhi al-Tufaili, the fiery cleric and former secretary-general of Hizbullah, the Shia militia. Sheikh Tufaili is now running his own more radical movement, and competing with Hizbullah for Baalbek's support.

As the Lebanese government prepared for the Baalbek festival this month launched a "hunger revolution", and called for a campaign of civil disobedience. To appeal to farmers, the government pledged nearly \$100m in emergency aid. It also agreed to impose import restrictions on several agricultural products, jeopardising Lebanon's traditional open-market policies.

Baalbek's frustrations reflect a general sense of malaise in a country where a \$60bn (\$36bn) reconstruction drive is seen to be widening income disparities. Lebanon's transition from a war economy based on arms and drugs to agriculture and smuggling have gradually dried up.

Patience is running out. In an apartment block in the main town of Baalbek, the upper floors are only half complete because growing potatoes turned out to be far less lucrative than producing hashish.

The family members living here have no qualms admitting that for the first time in six years, they have gone back to growing cannabis. "Cannabis will grow anywhere; it's the easiest crop," says the father. "We cannot show you where we're planting. It is so remote no one can get near. We tried to get loans to grow tobacco, which the government will buy at

subsidised prices, but it turned out not everyone can get them."

Like many Shia farming families in Baalbek and neighbouring Hermel it looks more like a disaster.

Promises of assistance to develop replacement crops have failed to materialise.

And the savings accumulated from what used to be an annual \$500m drugs income for the region – in terms of farming, transformation and smuggling – have gradually dried up.

Patience is running out. In an apartment block in the main town of Baalbek, the upper floors are only half complete because growing potatoes turned out to be far less lucrative than producing hashish.

The family members living here have no qualms admitting that for the first time in six years, they have gone back to growing cannabis. "Cannabis will grow anywhere; it's the easiest crop," says the father. "We cannot show you where we're planting. It is so remote no one can get near. We tried to get loans to grow tobacco, which the government will buy at

subsidised prices, but it turned out not everyone can get them."

Like many Shia farming families in Baalbek and neighbouring Hermel it looks more like a disaster.

Promises of assistance to develop replacement crops have failed to materialise.

And the savings accumulated from what used to be an annual \$500m drugs income for the region – in terms of farming, transformation and smuggling – have gradually dried up.

Patience is running out. In an apartment block in the main town of Baalbek, the upper floors are only half complete because growing potatoes turned out to be far less lucrative than producing hashish.

The family members living here have no qualms admitting that for the first time in six years, they have gone back to growing cannabis. "Cannabis will grow anywhere; it's the easiest crop," says the father. "We cannot show you where we're planting. It is so remote no one can get near. We tried to get loans to grow tobacco, which the government will buy at

subsidised prices, but it turned out not everyone can get them."

Like many Shia farming families in Baalbek and neighbouring Hermel it looks more like a disaster.

Promises of assistance to develop replacement crops have failed to materialise.

And the savings accumulated from what used to be an annual \$500m drugs income for the region – in terms of farming, transformation and smuggling – have gradually dried up.

Patience is running out. In an apartment block in the main town of Baalbek, the upper floors are only half complete because growing potatoes turned out to be far less lucrative than producing hashish.

The family members living here have no qualms admitting that for the first time in six years, they have gone back to growing cannabis. "Cannabis will grow anywhere; it's the easiest crop," says the father. "We cannot show you where we're planting. It is so remote no one can get near. We tried to get loans to grow tobacco, which the government will buy at

subsidised prices, but it turned out not everyone can get them."

Like many Shia farming families in Baalbek and neighbouring Hermel it looks more like a disaster.

Promises of assistance to develop replacement crops have failed to materialise.

And the savings accumulated from what used to be an annual \$500m drugs income for the region – in terms of farming, transformation and smuggling – have gradually dried up.

Patience is running out. In an apartment block in the main town of Baalbek, the upper floors are only half complete because growing potatoes turned out to be far less lucrative than producing hashish.

The family members living here have no qualms admitting that for the first time in six years, they have gone back to growing cannabis. "Cannabis will grow anywhere; it's the easiest crop," says the father. "We cannot show you where we're planting. It is so remote no one can get near. We tried to get loans to grow tobacco, which the government will buy at

subsidised prices, but it turned out not everyone can get them."

Like many Shia farming families in Baalbek and neighbouring Hermel it looks more like a disaster.

Promises of assistance to develop replacement crops have failed to materialise.

And the savings accumulated from what used to be an annual \$500m drugs income for the region – in terms of farming, transformation and smuggling – have gradually dried up.

Patience is running out. In an apartment block in the main town of Baalbek, the upper floors are only half complete because growing potatoes turned out to be far less lucrative than producing hashish.

The family members living here have no qualms admitting that for the first time in six years, they have gone back to growing cannabis. "Cannabis will grow anywhere; it's the easiest crop," says the father. "We cannot show you where we're planting. It is so remote no one can get near. We tried to get loans to grow tobacco, which the government will buy at

subsidised prices, but it turned out not everyone can get them."

Like many Shia farming families in Baalbek and neighbouring Hermel it looks more like a disaster.

Promises of assistance to develop replacement crops have failed to materialise.

And the savings accumulated from what used to be an annual \$500m drugs income for the region – in terms of farming, transformation and smuggling – have gradually dried up.

Patience is running out. In an apartment block in the main town of Baalbek, the upper floors are only half complete because growing potatoes turned out

COMMODITIES AND AGRICULTURE

Chinese squeeze boosts zinc

MARKETS REPORT

By Susanna Voyle

Zinc continued to push higher yesterday - with the price on the London Metal Exchange reaching a fresh seven-year high.

Three-month zinc reached \$1,625 a tonne, bringing gains over the previous two days to \$100, or 14 per cent. It ended the day \$33 higher at \$1,654.

The rally, according to analysts, has been fuelled by a battle between "short" Chinese smelters - effectively having bet that prices would fall - and "long" speculators. The Chinese sold heavily short as much as 250,000 tonnes at low prices last year.

Analysts at Macquarie Bank said the screws were tightening in the zinc market. "Everyone in the market is talking about the Chinese squeeze now," they added. "It is speculated that the Chinese have decided to close out their positions in September, cutting their losses. However, if this is the case, cash prices could rise explosively in the coming weeks."

The tight market forced the premium for cash metal over the three-month contract up about \$20 at one point to \$60, before falling back slightly, ending the day at \$56.

The continuing zinc rally pulled aluminium, copper and nickel prices in its wake. "Once one metal gets going, the euphoria tends to spill over," said Mr Robin Bahr, an analyst with brokers ker.

WEEKLY PRICE CHANGES

	Latest	Change	Year	1997	—
	price	on week ago	High	Low	—
Gold per troy oz.	\$325.70	+1.35	\$385.30	\$369.65	\$319.15
Silver per troy oz.	262.00	+5.50	329.50	320.10	224.30
Aluminium 99.7% (cash)	\$1,665.00	+0.10	\$1,742.50	\$1,666.50	\$1,614.95
Copper Grade A (cash)	\$2,025.00	+0.10	\$2,045.00	\$2,025.00	\$1,921.50
Lead (cash)	\$562.00	-4.5	\$786.5	\$725.5	\$604.5
Nickel (cash)	\$955.00	+27.00	\$921.00	\$922.00	\$940.00
Zinc SHG (cash)	\$1,664.00	+14.75	\$1,713.00	\$1,522.5	\$1,044.00
Tin (cash)	\$5310.00	-103	\$5,207.5	\$5,050.00	\$3,575.00
Cocoa Future Jul	\$379.70	-22	\$375.00	\$113.00	\$847
Coffee Future Jul	\$1,583.00	-2	\$1,487	\$247.00	\$1,225.00
Sugar (LDP Raw)	\$261.90	+10.00	\$315.90	\$311.00	\$265.50
Bailei Futures Sep	\$277.00	+2.25	\$277.00	\$272.00	\$276.50
Wheat Futures Sep	\$2,775.00	+2.25	\$2,775.00	\$2,720.00	\$2,765.00
Cotton Outlook A Index	\$1,952.00	+4.0	\$1,935.00	\$1,955.00	\$1,950.00
Wool (54s Super)	422p	+3	430p	448p	387p
Oil (Brent Blend)	\$18.74x	+0.51	\$18.78	\$24.95	\$16.95

Per tonne unless otherwise stated. p Pence/kg, c Cents lb, x Sep.

WORLD BOND PRICES

Markets tread water

MARKETS REPORT

By Greta Steyn in London

and John Labete

in New York

European and US bond markets did little more than tread water yesterday, reflecting on the solid gains this week after bullish comments made on Tuesday by Mr Alan Greenspan, the chairman of the US Federal Reserve.

The foreign exchange market continued to influence sentiment on European markets, with speculation that Germany would raise interest rates to defend the beleaguered D-Mark continuing.

US TREASURIES edged modestly higher by mid-afternoon in spite of the release of higher-than-expected durable goods data for June.

UK Gilts benefited from the growing belief that interest rates might not have to rise as much as initially feared, as the surge in sterling would be disinflationary.

Gilts ended the day in positive territory and managed to outperform bonds.

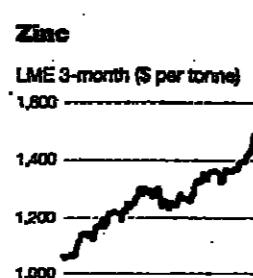
The market ignored second-quarter gross domestic product figures which suggested another rise in interest rates next month.

Mr David Brown, the chief European economist for Bear Sterns in London, said the market had already factored in another interest rate rise. Looking beyond that, he it was increasingly beginning to look as if the economy would not need such a heavy dose of monetary tightening.

A further positive factor for the UK market was the fact that it was "the last preserve" of high yields in the major European economies.

The September future settled 4% higher at 1,152, from 1,154 and the spread between 10-year bonds and gilts fell below 150 basis points for the first time in three weeks.

ITALIAN BTPs ended the day mixed, but the tone was



Source: Datamonitor/CIV

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7% PURITY (\$ per tonne)

Close	1650.5-51.0	1651.5-52.5
Previous	1645.4-4	1646.3
High/low	1629.7-1650.5	1629.7-1650.5
AM Official	1650.5-51.0	1651.5-52.5
Kerb close	1684.6-65	
Open int.	273,166	
Total daily turnover	116,125	

Total daily turnover

1,000

\$/ LEAD (\$ per tonne)

Close 1450.65 1478.80

Previous 1435.45 1460.70

High/low 1500/1473

AM Official 1450.65 1478.80

Kerb close 1500/10

Open int. 5,357

Total daily turnover 1,267

\$/ NICKEL (\$ per tonne)

Close 6700.70 6800.80

Previous 6780.70 6780.80

High/low 7000/6800

AM Official 6700.05 6800.05

Kerb close 7170.80

Open int. 50,425

Total daily turnover 16,730

\$/ TIN (\$ per tonne)

Close 5305.15 5355.65

Previous 5305.15 5355.65

High/low 5320.00 5355.65

AM Official 5305.15 5355.65

Kerb close 5320.50

Open int. 42,128

Total daily turnover 2,858

\$/ ZINC, special high grade (\$ per tonne)

Close 1658.50 1598.95

Previous 1590.91 1590.91

High/low 1595/1595

AM Official 1658.50 1598.95

Kerb close 1625/25

Open int. 99,201

Total daily turnover 42,128

\$/ COPPER Grade A (\$ per tonne)

Close 2365.61-80 2315-16

Previous 2336-9 2300/2300

High/low 2360/2350 2300/2300

AM Official 2365.61-80 2315-16

Kerb close 2373-75

Open int. 139,645

Total daily turnover 44,905

\$/ LME Alumina 6.75 rate: 1,687.5

LME Closing 6.75 rate: 1,688.00

Spot 1,684.3 1,681.6 1,680.9 1,681.6 1,681.6

\$/ HIGH GRADE COPPER (COMEX)

Close 5305-15 5355-65

Previous 5305-15 5355-65

High/low 5305-15 5355-65

AM Official 5305-15 5355-65

Kerb close 5320-25

Open int. 3,411

Total daily turnover 2,858

\$/ PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold/Troy oz. \$ price

Close 1,140.40 1,142.00 1,140.50 519 2,922

Opening 1,115.70 1,122.00 1,120.50 236 3,224

Morning fix 1,114.45 1,147.90 1,147.72 460,320

Afternoon fix 1,124.10 1,142.00 1,142.00 1,125,172

Day's High 1,125.00 1,142.00 1,142.00 1,125,172

Day's Low 1,123.00 1,122.00 1,122.00 1,125,172

Previous close 1,122.00 1,122.00 1,122.00 1,125,172

Gold/Ldn Mean Gold/Ldn Rating (\$/t US\$)

1 month 3.31 8 months 3.45

2 months 3.41 12 months 3.35

3 months 3.41

Silver Fix p/troy oz. US \$/t oz equiv.

Close 250.00 250.25

3 months 405.00

6 months 288.25

1 year 274.60 451.80

Dec 1,08.20 1,09.00 104.40 334 7,497

Total 5,005 2,920 1,020 1,020 1,020

\$/ BENCHMARK GOVERNMENT BONDS

Coupon Date Price

10/07/97 125.24-50

11/07/97 125.50-50

12/07/97 125.75-50

01/07/98 126.00-50

02/07/98 126.25-50

03/07/98 126.50-50

04/07/98 126.75-50

05/07/98 127.00-50

06/07/98 127.

CURRENCIES AND MONEY

Dollar gains

MARKETS REPORT

By Simon Kuper

The dollar climbed further yesterday, but it made larger gains against the yen and Swiss franc than against the D-Mark as Bundesbank officials threatened to defend their stricken currency.

Mr Reimut Jochimsen, Bundesbank council member, hinted that the bank might raise interest rates in order to support the D-Mark. He said the council's decision on Thursday to set a fixed rate rep for only two weeks of a four-week summer break was a sign of this. He suggested that the Bundesbank might move to a variable rate rep tender soon. That could make an interest rate rise more likely.

Mr Jochimsen said: "Normally, our monetary policy is not dictated by exchange rate considerations. Now we want to make it known that, in view of the weakness of

the D-Mark, we are looking at the road immediately ahead." He denied that the Bundesbank had considered concerted intervention to boost the D-Mark, saying that that tactic seldom worked.

His fellow council member, Mr Franz-Christoph Zettler, also mentioned the repo rate decision. "We are especially looking at the D-Mark's external value," he said. "We did not want to go away for four weeks without

scope to react."

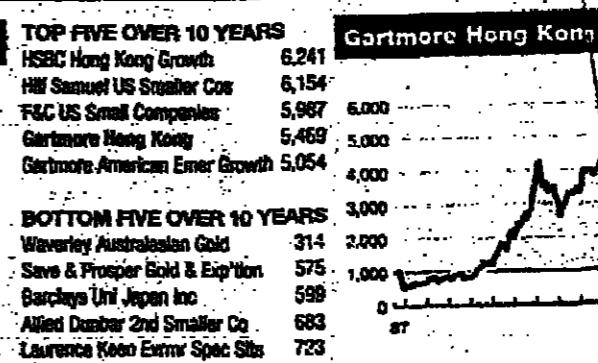
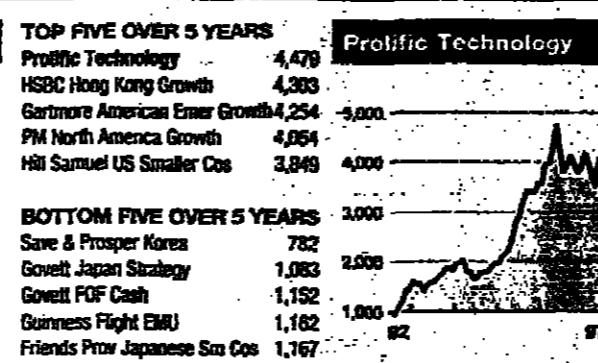
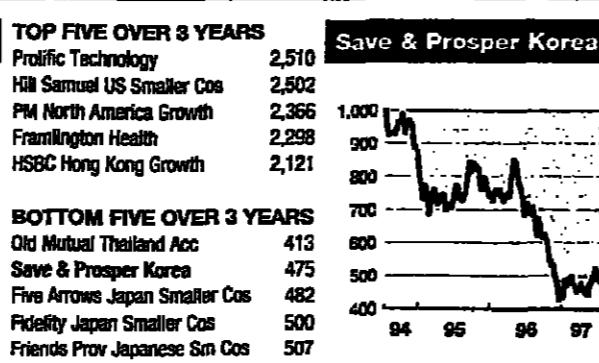
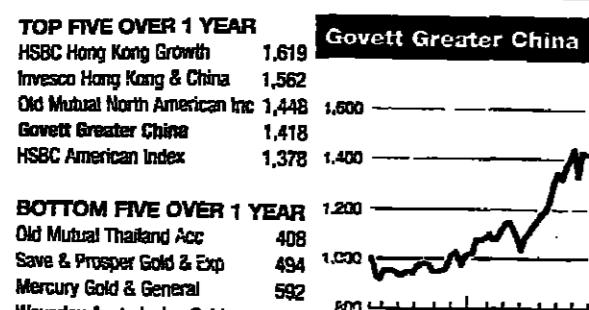
Few forex strategists think the Bundesbank will raise rates. Mr Nick Stamenkovic, economist at DEB International in London, said the officials were trying to stop traders from viewing the D-Mark as a one-way bet.

POUND SPOT FORWARD AGAINST THE POUND

	Jul 25	Closing mid-point	Change on day	Bid/offer spread	Day's mid- high	One month Rate	Three months Rate	One year Rate	Bank of England %PA	JP Morgan %PA	Ern. Index
Europe											
Austria	501.21525	-0.0265	136.334	21.8255	21.4986	21.6961	3.1	101.6			
Belgium	501.631723	-0.0226	63.4720	62.9595	62.9822	3.4	21.3594	3.1	101.6		
Denmark	501.116227	-0.0171	57.71010	11.6161	11.6212	3.2	11.5673	3.3	102.9		
Finland	501.9.076177	-0.0087	8.0869	9.0019	9.0533	3.4	8.0008	3.4	8.7681	3.2	81.0
France	501.102288	-0.0034	10.2288	10.2288	10.2288	3.4	10.2288	3.4	10.2288	3.4	102.2
Germany	501.0.004184	-0.0041	1.0732	1.0732	1.0732	3.7	1.0732	3.7	1.0732	3.7	101.4
Ireland	501.477.551	-0.0021	410.479.500	478.505	478.534	4.5	429.225	3.7	491.025	2.7	55.0
Italy	501.1.3555	-0.0021	57.1.3555	57.1.3555	57.1.3555	0.5	1.3555	0.7	1.3555	1.1	98.4
Luxembourg	501.578.12	-1.05	59.567	299.49	298.24	297.82	0.0	297.82	0.0	297.557	0.1
Netherlands	501.6.1723	-0.0021	126.4720	62.9595	62.9822	3.4	62.9225	3.5	62.9723	3.6	100.8
Norway	501.0.004443	-0.0021	59.567	59.567	59.567	0.5	59.567	0.5	59.567	0.5	97.5
Portugal	501.306.951	-0.03	847.951	253.180	253.210	257.483	0.5	255.755	1.7	252.573	2.1
Spain	501.257.508	-0.01	847.951	253.180	253.210	257.483	0.5	255.755	1.7	252.573	2.1
Sweden	501.13.165	-0.02	863.867	13.259	13.308	13.149	2.5	13.0002	2.5	12.855	2.5
Switzerland	501.2.5215	-0.01	196.231	2.517	2.516	2.516	5.3	2.3879	5.3	104.7	104.7
UK	501.1.5453	-0.0021	452.474	1.5418	1.5418	2.6	1.5355	2.7	1.5018	2.9	106.2
USA	501.1.2233	-									SDR/
Americas											
Argentina	501.1.6643	-0.0085	638.648	1.6737	1.6737	-	-	-	-	-	Peso
Brazil	501.1.8016	-0.0021	008.022	1.8104	1.7957	-	-	-	-	-	Real
Canada	501.2.3048	-0.0021	008.022	3.2102	3.2098	3.208	3.2	2.2384	3.6	84.8	Cdn
Mexico	501.12.9357	-0.0033	205.467	13.0739	12.9293	-	-	-	-	-	New Pesos
USA	501.1.6651	-0.0021	548.656	1.6740	1.6740	1.6740	1.2	1.6597	1.3	1.6427	1.3
Pacific/Middle East/Africa											
Australia	501.2.2578	-0.0154	556.600	2.2578	2.2578	0.3	2.2553	0.4	2.2553	0.6	92.4
Hong Kong	501.12.8870	-0.0021	521.12.8515	12.8515	12.8515	0.1	12.8788	0.2	12.8242	0.5	102.6
India	501.504724	-0.0224	848.702	59.5308	59.5228	3.8	60.0228	-4.0	61.7028	-3.8	75.8
Ireland	501.5.9118	-0.0405	575.260	5.9363	5.9364	-	-	-	-	-	Shillings
Japan	501.19.4235	-0.0021	14.9235	14.9235	14.9235	0.1	19.4114	0.1	19.4114	0.1	133.0
Malta	501.4.4117	-0.0021	5.4117	4.4117	4.4117	-1.1	4.4220	-1.1	4.4498	-0.7	91.0
New Zealand	501.2.5513	-0.0025	492.524	2.5477	2.5477	2.5477	0.1	2.5521	-0.1	2.5523	0.1
Philippines	501.472020	-0.0485	575.861	50.8422	47.3550	47.7615	-4.0	40.8113	-3.4	49.0935	-3.1
Saudi Arabia	501.6.2451	-0.0151	521.6248	6.2416	6.2416	0.7	6.2352	0.8	6.1967	0.8	98.8
Singapore	501.2.4562	-0.0186	536.595	2.4714	2.4714	2.4	2.4205	2.6	2.3923	2.6	101.0
South Africa	501.7.6012	-0.0216	7.6230	7.5423	7.5423	-6.6	7.7882	-8.4	8.2168	-8.1	101.0
South Korea	501.148527	-0.83	105.148527	1481.34	1481.34	-	-	-	-	-	Won
Taiwan	501.45.5582	-0.2126	98.033	45.7882	45.4550	45.4550	0.4	45.4898	0.5	45.4321	-5.0
Thailand	501.53.3851	-0.1541	53.3851	53.7021	53.7021	-7.6	54.1417	-5.0	55.1949	-3.4	101.0
Yuan	501.11.85	10.31	3.059	1.135	2.9778	2.521	2.035	1.865	1.844	1.546	SDR rate for 5 Jul 24. Sterling appears in the Dollar Spot table above only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland, S. Africa & ECU are quoted in US currency. J.P. Morgan nominal index Jul 24. Base exchange rates printed in this table are also available on the Internet at http://www.ft.com
Yuan	501.1.2233	-									
CROSS RATES AND DERIVATIVES											
EXCHANGE CROSS RATES											
Jul 25	BP/	FFP/	DM/	IE/	FR/	GB/	HK/	JP/	SG/	SP/	Ecu/
Open	18.45	4.948	1.797	4.714	5.454	20.02	8.091	1.989	2.038	20.78	2.446
Denmark	501.4.5425	1.0	0.851	2.625	0.974	2.987	2.651	2.212	11.31	2.164	0.639
FFP	501.6.1126	13.10	1.0	2.985	1.101	2.985	3.341	12.26	2.445	0.970	2.235
Germany	501.20.65	3.809	5.371	1.571	0.875	1.438	1.438	101.0	84.37	0.437	0.527
Ireland	501.5.5358	10.26	0.903	2.694	1.263	2.023	3.034	11.14	0.427	0.307	0.449
Italy	501.2.121	0.381	0.103	0.098	0.100	0.116	0.423	10.37	0.857	0.042	0.085
Netherlands	501.18.332	2.988	0.089	0.330	0.343	0.370	0.370	3.670	0.867	0.034	0.088
Norway	501.4.469	9.216	0.127	0.095	0.100	0.116	0.116	9.07	0.777	0.029	0.074
Portugal	501.2.247	0.381	0.077	0.080	0.081	0.081	0.081	1.02	0.867	0.029	0.071
Spain	501.2.4532	4.007	1.157	0.440	1.155	1.337	1.405	1.00	0.426	0.054	0.407
Sweden	501.47.4	8.843	2.227	0.882	2.220	2.155	2.155	19.8	1.741	0.759	1.264
Switzerland	501.2.5542	4.921	1.090	1.213	1.181	1.367	1.501				

UNIT TRUSTS

WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311).

Indices		1 year (3)	5	10	Volatility %
Average Unit Trust	1083	1255	2070	2186	3.1 2.5
Average Investment Trust	1150	1280	2254	2374	4.4 5.1
Building Society	1034	1112	1204	1830	0.0 4.9
Stockmarket FTSE All-Share	1276	1265	2371	2703	2.5 3.4
Inflation	1029	1088	1191	1547	0.4

UK Eq & Bd		1 year (3)	3	5	10	Volatility %
BWD Balanced Portfolio	1228	1528	2537	-	3.0	1.4
Perpetual High Income	1211	1582	2601	-	2.0	3.2
Credit Suisse High Income Port	1133	1495	2358	-	2.4	4.3
Canlife Income Dis	1198	1488	2056	2003	2.0	3.4
Henry Cole Balanced	1104	1421	-	-	1.7	2.7
SECTOR AVERAGE	1182	1406	2125	2041	2.3	3.0

UK Growth		1 year (3)	5	10	Volatility %
Johnson Fry State Growth	1291	1876	2544	-	3.5 0.9
Jupiter UK Growth	1089	1820	2254	2374	2.9 1.8
Perpetual UK Exempt	1225	1744	2094	-	2.5 2.6
Barclays Uri Special Sits	1229	1688	2761	1857	2.8 2.0
Britannia Balanced Growth Inc	1248	1555	2324	2151	2.8 1.3
SECTOR AVERAGE	1143	1438	2119	1925	2.7 1.8

UK Fixed Interest		1 year (3)	5	10	Volatility %
M&G Corporate Bond	1174	1366	-	-	1.8 6.8
Abristow Fixed Interest	1100	1344	2164	2475	1.5 8.5
Thomson Preference Inc	1094	1333	1670	2267	1.8 8.3
Henderson Preference & Bond	1115	1309	1591	1888	1.4 8.0
Prolific P/Fixed Int Acc	1110	1306	1580	-	1.7 6.6
SECTOR AVERAGE	1081	1288	1527	1963	1.7 6.7

UK Govt		1 year (3)	5	10	Volatility %
M&G Gilt & Fixed Interest	1195	1335	1457	1989	1.9 6.2
Gartmore PS Fixed Interest	1127	1276	1463	-	1.7 6.0
Murray Acquired Reserve	1098	1261	1435	-	1.4 6.8
Mercury Long-Dated Bond	1129	1246	-	-	2.1 5.7
Schroder Gilt & Fixed Int Acc	1077	1237	1405	-	1.8 7.2
SECTOR AVERAGE	1069	1189	1370	1970	1.5 5.9

UK Smaller Companies		1 year (3)	5	10	Volatility %
Gartmore UK Smaller Companies	1108	1790	2609	1635	3.4 0.3
Laurence Keen Smaller Cos	1087	1785	-	-	2.9 1.2
INVESTCO UK Smaller Companies	1067	1755	2894	1585	3.8 1.3
AES Smaller Companies	993	1649	2207	-	3.0 0.9
Britannia Smaller Co's Acc	1088	1614	2306	1806	3.1 0.4
SECTOR AVERAGE	976	1278	1998	1449	2.9 1.6

UK Equity Income		1 year (3)	5	10	Volatility %
Jupiter Income	1186	1816	3448	-	2.6 4.0
Lazard UK Income	1182	1621	2389	2771	2.5 4.2
BWD UK Equity Income	1249	1581	2394	2389	2.7 3.4
Britannia High Yield Inc	1167	1573	2538	2741	2.4 3.9
River & Mercantile 1st Income	1222	1550	2370	-	2.6 4.1
SECTOR AVERAGE	1167	1395	2107	2131	2.5 4.4

International Fixed Interest		1 year (3)	5	10	Volatility %
Baring Global Bond	1006	1228	1615	-	1.5 6.2
Barclays Uri European Bond Inc	1040	1194	-	-	1.0 5.7
Old Mutual Worldwide Bond Inc	973	1180	1463	-	1.7 5.0
Newton International Bond	1019	1154	1537	-	2.1 5.7
AES Int'l Bond & Convertible	1020	1143	1463	-	1.3 6.4
SECTOR AVERAGE	927	1054	1349	1657	1.8 5.1

International Equity Income		1 year (3)	5	10	Volatility %
GT International Income Inc	1130	1401	2206	2613	2.3 2.1
Martin Currie Int'l Fund	1179	1322	2166	-	2.5 3.3
Dolphin Int'l Gilt & Income	1117	1358	2016	1343	2.6 1.3
Mayflower Global Income	1116	1328	2102	2084	2.3 3.4
Barclays Uri International Inc	1164	1320	2000	1867	2.4 1.4
SECTOR AVERAGE	1129	1305	2050	2043	2.4 2.9

International Equity & Bond		1 year (3)</th
-----------------------------	--	----------------

FT MANAGED FUNDS SERVICE

Authorised and Insured

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Insurances, Money Markets and Other

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

Offshore Funds

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4276 for more details.

**OFFSHORE
AND OVERSEAS****BERMUDA
(SIB RECOGNISED)**

Int'l Net Asset Value	Buying Price	Selling Price	Change	Date
\$11.00	\$11.00	\$11.00	-\$0.00	07/24/97
\$11.00	\$11.00	\$11.00	-\$0.00	07/25/97
\$11.00	\$11.00	\$11.00	-\$0.00	07/26/97
\$11.00	\$11.00	\$11.00	-\$0.00	07/27/97
\$11.00	\$11.00	\$11.00	-\$0.00	07/28/97
\$11.00	\$11.00	\$11.00	-\$0.00	07/29/97
\$11.00	\$11.00	\$11.00	-\$0.00	07/30/97
\$11.00	\$11.00	\$11.00	-\$0.00	07/31/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/01/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/02/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/03/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/04/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/05/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/06/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/07/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/08/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/09/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/10/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/11/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/12/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/13/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/14/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/15/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/16/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/17/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/18/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/19/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/20/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/21/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/22/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/23/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/24/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/25/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/26/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/27/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/28/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/29/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/30/97
\$11.00	\$11.00	\$11.00	-\$0.00	08/31/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/01/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/02/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/03/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/04/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/05/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/06/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/07/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/08/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/09/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/10/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/11/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/12/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/13/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/14/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/15/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/16/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/17/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/18/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/19/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/20/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/21/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/22/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/23/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/24/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/25/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/26/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/27/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/28/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/29/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/30/97
\$11.00	\$11.00	\$11.00	-\$0.00	09/31/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/01/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/02/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/03/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/04/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/05/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/06/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/07/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/08/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/09/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/10/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/11/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/12/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/13/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/14/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/15/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/16/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/17/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/18/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/19/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/20/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/21/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/22/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/23/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/24/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/25/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/26/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/27/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/28/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/29/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/30/97
\$11.00	\$11.00	\$11.00	-\$0.00	10/31/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/01/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/02/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/03/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/04/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/05/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/06/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/07/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/08/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/09/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/10/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/11/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/12/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/13/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/14/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/15/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/16/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/17/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/18/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/19/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/20/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/21/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/22/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/23/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/24/97
\$11.00	\$11.00	\$11.00	-\$0.00	11/25/97
\$11.00	\$			

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Helpdesk on (+44 171) 873 4378 for more details.

LONDON STOCK EXCHANGE

FTSE 100 loses ground on sterling strength

MARKET REPORT

By Peter John

Slightly reassuring economic figures in the UK, and a steady performance from the Dow Jones Industrial Average, failed to provide the necessary impetus to the London stock market.

The Footsie drifted throughout the day to close a net 11.4 points lower at 4,851.5.

The picture was equally placid elsewhere, with the FTSE 250 easing 3.7 to 4,474.7 and the SmallCap down 1.9 to 2,165.7.

Overall turnover was 775.7m shares, the lowest volume of the week. There was some heavy

turnover in BT and BG but the day's biggest volume came in Johnson Matthey as it was announced that JCI of South Africa had sold a big stake.

Yesterday began with a squeeze as Footsie responded to a big turnaround on the Dow in late US trading on Thursday.

But the early US rise of 18.3 died within the first half hour and the market ignored the latest gross domestic product data even though they came in below the consensus forecast.

Second-quarter growth was up 0.9 per cent against expectations of 1.1 per cent and the annualised figure came in at 3.4 per cent, just below the median forecast.

Mr Simon Briscoe, a UK strategist with Nikko Europe, summed up the feeling of many economists, saying: "The data now more clearly reflect the pattern we have detected in other data - that the economy was very strong at the end of 1996 and is now growing at a slower rate."

"This is the last important piece of data before the next Monetary Policy Committee meeting [on August 6] and its relative weakness eased the pressure on the MPC to raise rates."

Short-dated government bond yields, which tend to rise or fall on interest rate expectations, slipped back slightly. But the equity market remained unim-

pressed, concentrating instead on the persistent strength of sterling against the D-Mark.

Footsie was off 11.6 when the GDP numbers were released and continued to weaken for another two hours. It was down 28 points at worst.

There was some recovery during the afternoon as New York opened up. But it was insufficient to ensure a net gain on the day or the week.

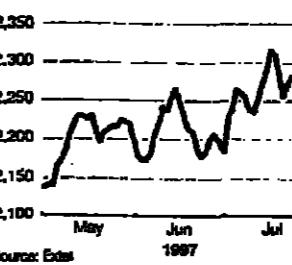
The Footsie declined 0.6 per cent during the week, in spite of the boost from the US where Mr Alan Greenspan, the chairman of the Federal Reserve, highlighted the trend of robust growth with low inflation; the so-called

"goldilocks" economy. The FTSE 250 drifted 0.2 per cent during the week while the SmallCap lost 0.4 per cent.

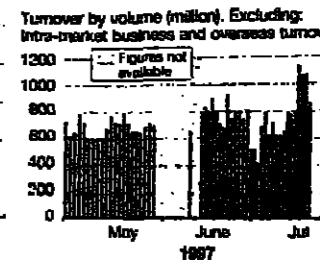
Those slight changes masked a volatile week. Footsie fell 70 on Monday and then rallied sharply on Tuesday as global markets discounted potentially unsettling comments from Mr Greenspan.

Activity could fade next week as the summer holidays kick in and investors keep away ahead of the interest rate policy meeting. However, there might be some position-taking in the banks as the sector, which has led the market up over recent months, starts its interim reporting season.

FTSE All-Share Index



Equity shares traded



Turnover by volume (million). Excluding intra-market business and overseas turnover

* Figures not available

Source: EBA

FTSE 100 Index

FTSE 250	4474.7	-3.7
FTSE 350	2328.5	-4.8
FTSE All-Share	2275.5	-4.49
FTSE 30	3088.6	-6.9
FTSE Non-Fins p/c	19.37	19.40
FTSE 100 Fut Sep	4878.0	nc
10 yr Gilt yield	7.03	7.03
Long gilt/equity risk rate	2.07	2.07

Intra-day high and low for week

* Intra-day high and low for week

Source: EBA

Matthey stake disposal

By Joel Kibazo

and Martin Brice

Johnson Matthey, the precious metals and engineering group, was the subject of attention as SBC Warburg bought and placed a large holding in the group.

Standard was said to have denied the rumours but the shares remained dull, closing 33¢ lower, the worst FTSE 100 performer yesterday. Also, ABN Amro Hoare Govett was said to be cautious on the stock.

Unilever was up 5 at 736¢ ahead of results due on Friday and helped by a NatWest Securities note that forecast a 28 per cent pre-tax rise before currency effects.

Mr Alan Erskine, at NatWest, expected currency to have "a big impact", but said that while Unilever shares stood at 15 per cent discount to Procter & Gamble of the US they "offered significant value".

ICI bounced 9¢ to 917¢ following weakness after the interim results statement on 12.5p.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Following speculation on

Thursday that a large stake was looking for a home, Warburg yesterday bought nearly 19m JM shares from South African mining house JCI.

The broker was said to have bought the stock at 555¢ a share and placed it with five institutions at 560¢ a share. The stock retreated in early trading before a squeeze developed, helping the shares close 5¢ ahead at 570p. Turnover was 37m, by far the biggest individual total yesterday among FTSE 250 constituents.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Uncertainty about JM's performance saw the shares fall sharply between January and June but the combination of a positive analysts' trip to the US, and news last week that Johnson Matthey profits were running ahead of last year's, has helped revive sentiment.

Hays runs a series of downgrades, with NatWest Securities, for example, shifting from 540¢ to 520¢.

Johnson Matthey, the precious metals and engineering group, was the subject of attention as SBC Warburg bought and placed a large holding in the group.

Standard was said to have denied the rumours but the shares remained dull, closing 33¢ lower, the worst FTSE 100 performer yesterday. Also, ABN Amro Hoare Govett was said to be cautious on the stock.

Unilever was up 5 at 736¢ ahead of results due on Friday and helped by a NatWest Securities note that forecast a 28 per cent pre-tax rise before currency effects.

Mr Alan Erskine, at NatWest, expected currency to have "a big impact", but said that while Unilever shares stood at 15 per cent discount to Procter & Gamble of the US they "offered significant value".

ICI bounced 9¢ to 917¢ following weakness after the interim results statement on 12.5p.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Following speculation on

Thursday that a large stake was looking for a home, Warburg yesterday bought nearly 19m JM shares from South African mining house JCI.

The broker was said to have bought the stock at 555¢ a share and placed it with five institutions at 560¢ a share. The stock retreated in early trading before a squeeze developed, helping the shares close 5¢ ahead at 570p. Turnover was 37m, by far the biggest individual total yesterday among FTSE 250 constituents.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Uncertainty about JM's performance saw the shares fall sharply between January and June but the combination of a positive analysts' trip to the US, and news last week that Johnson Matthey profits were running ahead of last year's, has helped revive sentiment.

Hays runs a series of downgrades, with NatWest Securities, for example, shifting from 540¢ to 520¢.

Johnson Matthey, the precious metals and engineering group, was the subject of attention as SBC Warburg bought and placed a large holding in the group.

Standard was said to have denied the rumours but the shares remained dull, closing 33¢ lower, the worst FTSE 100 performer yesterday. Also, ABN Amro Hoare Govett was said to be cautious on the stock.

Unilever was up 5 at 736¢ ahead of results due on Friday and helped by a NatWest Securities note that forecast a 28 per cent pre-tax rise before currency effects.

Mr Alan Erskine, at NatWest, expected currency to have "a big impact", but said that while Unilever shares stood at 15 per cent discount to Procter & Gamble of the US they "offered significant value".

ICI bounced 9¢ to 917¢ following weakness after the interim results statement on 12.5p.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Following speculation on

Thursday that a large stake was looking for a home, Warburg yesterday bought nearly 19m JM shares from South African mining house JCI.

The broker was said to have bought the stock at 555¢ a share and placed it with five institutions at 560¢ a share. The stock retreated in early trading before a squeeze developed, helping the shares close 5¢ ahead at 570p. Turnover was 37m, by far the biggest individual total yesterday among FTSE 250 constituents.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Uncertainty about JM's performance saw the shares fall sharply between January and June but the combination of a positive analysts' trip to the US, and news last week that Johnson Matthey profits were running ahead of last year's, has helped revive sentiment.

Hays runs a series of downgrades, with NatWest Securities, for example, shifting from 540¢ to 520¢.

Johnson Matthey, the precious metals and engineering group, was the subject of attention as SBC Warburg bought and placed a large holding in the group.

Standard was said to have denied the rumours but the shares remained dull, closing 33¢ lower, the worst FTSE 100 performer yesterday. Also, ABN Amro Hoare Govett was said to be cautious on the stock.

Unilever was up 5 at 736¢ ahead of results due on Friday and helped by a NatWest Securities note that forecast a 28 per cent pre-tax rise before currency effects.

Mr Alan Erskine, at NatWest, expected currency to have "a big impact", but said that while Unilever shares stood at 15 per cent discount to Procter & Gamble of the US they "offered significant value".

ICI bounced 9¢ to 917¢ following weakness after the interim results statement on 12.5p.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Following speculation on

Thursday that a large stake was looking for a home, Warburg yesterday bought nearly 19m JM shares from South African mining house JCI.

The broker was said to have bought the stock at 555¢ a share and placed it with five institutions at 560¢ a share. The stock retreated in early trading before a squeeze developed, helping the shares close 5¢ ahead at 570p. Turnover was 37m, by far the biggest individual total yesterday among FTSE 250 constituents.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Uncertainty about JM's performance saw the shares fall sharply between January and June but the combination of a positive analysts' trip to the US, and news last week that Johnson Matthey profits were running ahead of last year's, has helped revive sentiment.

Hays runs a series of downgrades, with NatWest Securities, for example, shifting from 540¢ to 520¢.

Johnson Matthey, the precious metals and engineering group, was the subject of attention as SBC Warburg bought and placed a large holding in the group.

Standard was said to have denied the rumours but the shares remained dull, closing 33¢ lower, the worst FTSE 100 performer yesterday. Also, ABN Amro Hoare Govett was said to be cautious on the stock.

Unilever was up 5 at 736¢ ahead of results due on Friday and helped by a NatWest Securities note that forecast a 28 per cent pre-tax rise before currency effects.

Mr Alan Erskine, at NatWest, expected currency to have "a big impact", but said that while Unilever shares stood at 15 per cent discount to Procter & Gamble of the US they "offered significant value".

ICI bounced 9¢ to 917¢ following weakness after the interim results statement on 12.5p.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Following speculation on

Thursday that a large stake was looking for a home, Warburg yesterday bought nearly 19m JM shares from South African mining house JCI.

The broker was said to have bought the stock at 555¢ a share and placed it with five institutions at 560¢ a share. The stock retreated in early trading before a squeeze developed, helping the shares close 5¢ ahead at 570p. Turnover was 37m, by far the biggest individual total yesterday among FTSE 250 constituents.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Uncertainty about JM's performance saw the shares fall sharply between January and June but the combination of a positive analysts' trip to the US, and news last week that Johnson Matthey profits were running ahead of last year's, has helped revive sentiment.

Hays runs a series of downgrades, with NatWest Securities, for example, shifting from 540¢ to 520¢.

Johnson Matthey, the precious metals and engineering group, was the subject of attention as SBC Warburg bought and placed a large holding in the group.

Standard was said to have denied the rumours but the shares remained dull, closing 33¢ lower, the worst FTSE 100 performer yesterday. Also, ABN Amro Hoare Govett was said to be cautious on the stock.

Unilever was up 5 at 736¢ ahead of results due on Friday and helped by a NatWest Securities note that forecast a 28 per cent pre-tax rise before currency effects.

Mr Alan Erskine, at NatWest, expected currency to have "a big impact", but said that while Unilever shares stood at 15 per cent discount to Procter & Gamble of the US they "offered significant value".

ICI bounced 9¢ to 917¢ following weakness after the interim results statement on 12.5p.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Following speculation on

Thursday that a large stake was looking for a home, Warburg yesterday bought nearly 19m JM shares from South African mining house JCI.

The broker was said to have bought the stock at 555¢ a share and placed it with five institutions at 560¢ a share. The stock retreated in early trading before a squeeze developed, helping the shares close 5¢ ahead at 570p. Turnover was 37m, by far the biggest individual total yesterday among FTSE 250 constituents.

Speculation suggested JCI is likely to use the proceeds of the sale to help buy 26.8 per cent of conglomerate total yesterday among FTSE 250 constituents.

Uncertainty about JM's performance saw the shares fall sharply between January and June but the combination of a positive analysts' trip to the US, and news last week that Johnson Matthey profits were running ahead of last year's, has helped revive sentiment.

Hays runs a series of downgrades, with NatWest Securities, for example, shifting from 540¢ to 5

stocks
become
weakness

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA										EUROPE										ASIA												
	1st	2d	3d	High	Low	Vol.	P/E		1st	2d	3d	High	Low	Vol.	P/E		1st	2d	3d	High	Low	Vol.	P/E									
UNITED STATES (All 52 / US\$)																																
(4 per close)																																
AUS	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
AMR	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
AT&T	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Amer. Express	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Bank of America	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Bank of New York	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Bell Atlantic	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Bear Stearns	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Bidco	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Boeing	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Brown & Root	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Citibank	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Coca-Cola	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Concourse	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Continental	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Eastman Kodak	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Ford Motor	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0	1,908.0	2,178.0		1,910.0	1,912.0	1,912.0	1,912.0	1,908.0	1,908.0
Gates & Crellin	2,179.2	2,179.2	2,179.2	2,180.0	2,178.0	2,178.0	2,178.0		1,910.0	1,912.0	1,912.0																					

WORLD STOCK MARKETS

US stocks overcome weakness

AMERICAS

US stocks overcame early weakness at midsession, sending leading indices higher and keeping the Dow Jones Industrial Average above the 8,100-point level, writes John Labeau in New York.

By early afternoon the Dow Jones Industrial Average had risen 18.81 at 8,135.74. The broader Standard & Poor's 500 index was also slightly higher, gaining 0.79 at 941.07. After a week that had seen an important address by the Federal Reserve chairman, the Dow's advance followed four straight days of solid gains.

This left the Dow nearly 3 per cent higher on the week, which had seen the index close above the 8,100-point level for the first time ever.

"Only 10 of the 90 S & P industry groups are down for the week, so you've had some broad participation for the week," said Mr Thomas McManus, chief investment strategist at NatWest Securities. He added that oil and gas defence, and gold companies, were among the worst industry performers during the week.

As long bond yields reached their lowest point this year, another factor behind the week's rise on

Wall Street was that investors moved out of bond futures and into S & P stock futures. The bond markets were also changed little, with the long bond trading up 1/8 at 102%, at a yield of 6.430 per cent.

Some cyclical stocks moved lower as International Paper fell \$1.4 at 8575 and General Motors lost \$1.4 at \$574. But among other Dow stocks, Wal-Mart surged \$1.4 at \$384 and Philip Morris gained \$1.4 at \$244.

Technology stocks were widely mixed as the Nasdaq composite index rose 2.26 at 1,571.33. Microsoft gained \$1.4 at \$139.4, while Dell Computer plunged \$8.4 at \$163.4 and rival Compaq Computer slid \$4.4 at \$128.4.

Banking stocks had a mixed morning as Citicorp lost \$1.4 at \$127.4 and BankAmerica gained \$1.4 at \$72.4.

TORONTO slipped from record morning highs at midsession with the TSE-300 composite index just 2.44 ahead at 6,787.59 in volume of 38.6m shares. Earlier, the index peaked at an all-time intra-day high of 6,803.71.

Ten of Toronto's 14 sub-indexes gained in morning trade, led by real estate and golds, while conglomerates had the metals, merchandising and pipelines lower.

Buenos Aires buoyant

Buenos Aires' blue-chip Merval index rose 5.11 to 8412.3, adding to the market's gains in the past three sessions. Traders said it benefited from volatility in SAO PAULO, where a lack of news meant the Bovespa index traded off 49 at 12,475.

MEXICO CITY posted strong gains at the open and recovered from profit-taking during the previous session, encouraged by recent earnings reports.

The leading IPC index was up 50.08 in early trading at

4,812.73, led by Telmex, where a broker upgrade pushed the L shares up 30 centavos to 20.50 pesos.

Cifra also rose, with B shares up 30 centavos to 15.50 pesos on Wal-Mart's announcement that it had begun a tender offer for a majority interest in the retailer.

SANTIAGO'S IPSA index pushed higher for the fourth day running in strong trade, up 1.29 at 134.1 amid speculation over second-quarter earnings.

Volume edged up from 342m shares to an estimated 346m. Advances led declines

EUROPE

The dollar's strength against the franc and Wall Street's opening gains took PARIS up to another all-time closing high. The opening of the new monthly account also helped boost liquidity.

The CAC-40 index closed up 32.41 higher at 8,025.94, beating the previous peak set on Wednesday.

Rhone-Poulenc was up FF710.5 at FF7259 after announcing second-quarter net profit at FF7934m, up from FF7774m a year ago.

The dollar-sensitive stocks moved ahead. Among them, Schneider rose FF19.40 to FF760 after reporting first-half sales up 9 per cent on a year earlier.

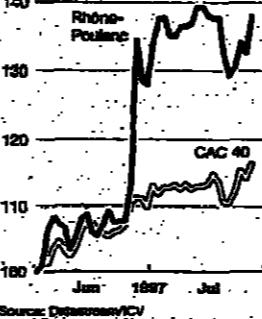
LVMH added FF17 to FF1,629, with the home market positive on its prospect of securing a favourable deal from the offers and counter-offers traded with GrandMet and Guinness.

AMSTERDAM swung round in late trade to end a dull session in positive territory after Wall Street's firmer opening kindled fresh enthusiasm.

FRANKFURT gathered

Rhone-Poulenc

Share price and index rebased



Source: Datastream/FT

The AEX index ended 3.78 up at 989.08, after spending most of the day down on Thursday's close.

Buying interest was running to cyclical stocks, and a large beneficiary was chemical and drugs group Akzo Nobel, which added FF15.50 to FF1,299 in late trade.

Sector rival DSM, also set to report next week, finished 20 cents higher at FF1,228 after spending most of the day in negative territory.

FRANKFURT gathered pace in late electronic trade

and the Ibis-indicated Dax index finished 48.02 or 1.1 per cent higher at 4,368.54, with the firmer dollar providing support.

Among the banks, Commerzbank picked up DM1.76 to close at DM64.06 after a rollercoaster day. Vereinsbank gave up DM6.35 to DM68.06 and Hypo-Bank was 30pf easier at DM76 on profit-taking after the sharp rises that greeted news of their planned merger earlier in the week.

Siemens finished DM3 higher at DM124.50 in a positive response to Thursday's meeting with analysts.

Porsche ended the day DM40 higher at DM2,850 on a press report that the sports car maker would post a net profit of DM100m in the year to July, up from DM48.1m.

ZURICH was flat as profit-taking offset the positive effects of the firmer dollar. The SMI index slipped 2.2 to 5,047.0.

Some dollar-sensitive stocks were supported by the dollar's surge above SFr1.50. Holderbank, the cement group, rose SFr17 to SFr1,348.

FTSE Actuaries Share Indices

Jul 26 Daily changes Open 10.30 11.00 12.00 13.00 14.00 15.00 Close

FTSE Eurotrack 100 2761.70 2757.21 2753.53 2758.10 2756.04 2753.13 2753.38 2753.74

FTSE Eurotrack 200 2724.54 2722.02 2718.71 2722.54 2719.83 2722.35 2722.76

See table 102 25/07/97, Reporter 100 - 2761.34 200 - 2758.14 140 - 2753.11 200 - 2751.39 1 firms

G7 FTSE Eurotrack Leader 100 24 24 21 Jul 18

FTSE Eurotrack 100 2765.34 2774.82 2765.77 2764.10 2764.10 2761.70

FTSE Eurotrack 200 2735.89 2747.71 2668.97 2653.26 2653.30 2653.30

See table 102 25/07/97, Reporter 100 - 2761.34 200 - 2758.14 140 - 2753.11 200 - 2751.39 1 firms

G7 FTSE Eurotrack Leader 100 24 24 21 Jul 18

ity in the European economies.

MILAN moved ahead as investors showed themselves ready to buy on any weakness in the market. The Commit index dipped 5.76 to 945.29 but the real-time Mibtel index finished 88 higher at 15,054.

Helsinki closed higher on gains in Nokia, and in the forestry sector and insurers. The Hext general index closed up 34.85, at an all-time high of 3,543.49, in turnover of FM72cm.

Nokia closed up FM5.70 at 2,468.70, with the share still rallying after the publication of Ericsson's better than expected results.

A strong showing in blue chip banks and industrials powered ATHENS above 1,600, to close 32.24 or 2.1 per cent up at 1,601.38.

Banks rose 2.9 per cent, after strong interim results from National Bank and Alpha Credit Bank, which closed up Dr1.665 at Dr37.90 and Dr335 at Dr20.125 respectively.

Written and edited by Michael Morgan and Clare Gascoigne

Dollar strength takes Paris to record high

THE WEEK'S CHANGES % Change

Frankfurt +5.7

Paris +5.2

Amsterdam +5.1

Milan +2.4

Zurich +1.8

Stockholm +1.1

Madrid +1.2

The watch group also had a good day, SNH, a recent laggard, jumped SFr29 to SFr881, as the market adopted a more positive view of the prospects for its Smart

Siemens finished DM3 higher at DM124.50 in a positive response to Thursday's meeting with analysts.

Porsche ended the day DM40 higher at DM2,850 on a press report that the sports car maker would post a net profit of DM100m in the year to July, up from DM48.1m.

ZURICH was flat as profit-taking offset the positive effects of the firmer dollar. The SMI index slipped 2.2 to 5,047.0.

Some dollar-sensitive stocks were supported by the dollar's surge above SFr1.50. Holderbank, the cement group, rose SFr17 to SFr1,348.

Among mixed financials, Winterthur, which has risen strongly this year on merger speculation, stood out with a rise of SFr38 to SFr1,474. Swiss Life, which jumped 9 per cent on Thursday, added another SFr15 to SFr815.

Pharmaceuticals featured a further slide in Novartis, down SFr21 at SFr3,378. Analysts said that while Thursday's first-half sales figures were in line with most expectations, some investors had speculated on more and had put pressure on the stock.

Adelco, the temporary employment group, put on SFr9 to SFr580 in response to news that Manpower, its rival, had seen a sharp rise in its French franc revenues and was bullish about activi-

ties selling ahead of the bank's planned conversion of preferred shares into ordinary shares on October 1.

In Osaka, the OSE average

rose 94.94 to 21,174.40 and volume eased to 23m shares.

TAIPEI was again supported by a continuation of the rebound in the heavily weighted electronics sector.

The sector finished 5.5 per cent higher, helping to take the overall index up 176.49 or 1.8 per cent to close at 9,808.91. Turnover was heavy at T\$207.8bn.

More than 10 tech shares rose to their daily limits. Taiwan Semiconductors was limped up at T\$153, rising T\$10, and United Microelectronics, its rival, also rose to the 7 per cent daily limit at T\$128, gaining T\$8.

Financials also rebounded 1.7 per cent with the big three state-run commercial banks all posting gains.

BANGKOK jumped 2 per cent as foreigners bought

large capitalised finance, bank and communication stocks on news that the government was due to present its economic rehabilitation plan on August 2.

The SET index rose 12.58 to 648.58 in turnover of T\$5.4bn, as government sources revealed that the package would include measures to stabilise the baht and cure ills in the finance and property sectors.

The finance sector rose 5.7 per cent, communications advanced 4 per cent and banks gained 2.3 per cent.

SEOUL suffered from renewed concerns about corporate failures by smaller companies amid rumours, strenuously denied by the company that Taeil Media, a computer parts manufacturer was on the brink of defaulting on debts.

The composite stock index lost 5.4 points to 733.64, off the day's high of 746.87. Taeil went limit down,

losing Won790 to Won9,110.

KARACHI ended higher after the agreement with the International Monetary Fund of a medium-term loan facility of at least \$1.6bn, but profit-taking before the weekend pulled the market off its best early levels.

The KSE-100 index closed 27.83 or 1.4 per cent higher at 2,008.64, after it touched 2,020.52 in early trade.

SOUTH AFRICA

Johannesburg was higher after a day of heavy trade but the gains were capped by pre-weekend profit-taking. Industrials set another record high, up 28.1 at 9,054.4, which helped the overall index 17.0 higher at 17,228.9.

Jasco Electronics, the electronics to healthcare company, soared 54 cents to 280 cents in speculative demand that a deal was imminent.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

The data is delivered by Eikon, a product of Financial Times Information.

Details related to those securities not included in the FT Share Information Services. The prices are those at which the business was done in the 24 hours to 5.15pm on Thursday, they are not in order of execution but in the order in which they appear in the day's highest priced business. For information on business done in the FT Share Information Services see the relevant section of the FT Share Information Services.

Business done in the FT Share Information Services is not included in the FT Share Information Services. The business recorded in the FT Share Information Services does not give the relevant details. The size of individual deals are rounded to the nearest thousand and represented within parentheses, where available. *Bargains at special prices. *Bargains done the previous day.

British Government Stocks

Guaranteed Export Finance PLC 5% Gdt Lst 2018 (Rep) - 116.4/17.07

Corporation and County Stocks

1997/98 7% Lst 27/07/1997 - 104.7/105.07

Abbey National Treasury Securities PLC 7% Gdt 2005/2050 5% (Rep) - 101.24

Abbey National Treasury Securities PLC 5% Gdt 2005/2050 Gvt (Rep) - 102.35/102.36

Foreign Stocks, Bonds etc-Coupons Payable in London

BBG PLC 5% Crt 2002/2008 6% (Rep) - 116.9/120.07

BBG PLC 5% Crt 2008 6% (Rep) - 118.0/121.07

BBG PLC 5% Crt 2008 6% (Rep) - 118.0/121.07

BBG PLC 5% Crt 2008 6% (Rep) - 118.0/121.07

BBG PLC 5% Crt 2008 6% (Rep) - 118.0/121.07

Guinness
Grand Met
defend plan

COMPANIES AND FINANCE

US healthcare chief quits amid FBI probe

By Tracy Corrigan in New York

Mr Richard Scott, the founder and current head of America's largest healthcare provider resigned from Columbia/HCA yesterday, as the company attempted to end management turmoil.

Mr Scott, until yesterday chairman and chief executive officer, had come under mounting pressure to leave the company due to an investigation into the company's practices by the Federal Bureau of Investigations.

The investigation allegedly cen-

tres on the company's billing practices under federal programmes for people on low income and the elderly, which could result in criminal charges and fines. The FBI and other authorities have seized papers in dozens of Columbia hospitals in at least seven states. No

Mr Thomas Frist, vice-chairman of the board, was named chairman and chief executive officer, replacing Mr Scott. Mr David Vandewater, president and chief operating officer, also resigned. Mr Scott and Mr Vandewater said that through-

out their tenure they had acted "honorably and in the best interest of the company," according to Columbia/HCA statement. Mr Scott said the decision to resign was "the ultimate demonstration of our commitment to Columbia's mission".

The company is currently in discussions with a potential buyer, Tenet Healthcare, a large US hospitals company, but uncertainty over potential fines and other liabilities resulting from the investigation is said to be blocking progress.

Columbia also faces a number of shareholder lawsuits as a result

of the investigation.

Columbia shares rallied 2 per cent on the news to \$36m, still sharply down from a high of \$44m within the last year. However, the shares have bounced from lows earlier this year, following the revelation of merger talks.

Mr Scott, the aggressive 44-year-old entrepreneur behind the dramatic rise of Columbia, ran a company whose 10-member board was made up partly of former executives of companies bought by Columbia in its rapid 10-year growth to become the largest US

hospitals company. In the course of that expansion, Mr Scott's aggressive cost-cutting has provoked controversy, including clashes with unions. Until recently his aggressive marketing, coupled with tight cost controls, had found favour on Wall Street where he was viewed as leading the way in the changing environment of US healthcare.

Mr Frist said the company would cooperate fully with government agencies and ensure that "all Columbia facilities and employees are in full compliance with the law".

Alfa gears up for the road to redemption

Famous Italian marque is targeting sales of 200,000 next year and plans investment in new models

Car companies habitually trumpet performance figures for their products. But the kind of acceleration Italy's Alfa Romeo is predicting for its sales next year are extravagant by any standard.

Mr Roberto Testore, chief executive of Fiat Auto, Alfa's parent company, says the sports car maker will reach 200,000 sales next year – no less than a 57 per cent rise over 1996. And, he asserts, there is no longer concern about the commercial viability of a famous marque plagued for years by a reputation for low quality and so-so products.

Mr Testore, who took over the top job at Fiat Auto 15 months ago, believes Alfa Romeo's new sports saloon range, the 166, will become by far the single biggest-selling model in the company's 70-year history.

If it is the success Mr Testore so confidently predicts, it could at last mean Alfa

providing some kind of financial return to Fiat, which has pumped \$6bn into the struggling subsidiary over the past five years in a bid to turn it round.

Fiat does not report separate financial results for Alfa, which accounts for less than 10 per cent of its total production. But Alfa has been a burden since Fiat took it over from the state a decade ago.

"We wanted once again to create and produce a real Alfa-Romeo sporting saloon," says Mr Testore of the 166, which is to be launched in September and which he says he hopes "will sell at least 100,000 units annually".

That is nearly twice the target volume of the 155 model it succeeds, however. Some industry analysts say the target is highly optimistic, especially as Mr Testore suffered from a lack of coherence in its model range.

But Mr Testore's forecast of 200,000 sales next year is

not just based on the 166. The last of Alfa's new model launches in the investment programme – under which the entire Alfa line-up is being renewed – will also be on sale by the middle of 1998. It is the replacement for the company's 164 large executive car, expected to be

not just based on the 155. The last of Alfa's new model launches in the investment programme – under which the entire Alfa line-up is being renewed – will also be on sale by the middle of 1998. It is the replacement for the company's 164 large executive car, expected to be

age new car sales in Italy have lifted domestic demand by nearly one-third this year, and they are still gaining momentum. The year-on-year rise in June was nearly 51 per cent.

Mr Testore acknowledges the incentives' substantial effect, but, he maintains, "they are accounting for only around one-half of our sales uplift".

From now on Alfa-Romeo's model range will be the subject of systematic renewal, with each car having a six-year life, including facelifts. The 145, 146, Spider and GTV models thus all face renewal within Fiat Auto's next five-year investment programme until the year 2002, during which \$12bn is to be spent on a total of 15 new Alfa, Fiat and Lancia models.

But first, Alfa must prove it can live up to Mr Testore's ambitious sales prediction.

John Griffiths



The Alfa Romeo 166 represents a chance to finally make a return for parent Fiat

Pharmaceuticals lead Rhône-Poulenc advance

By Sameer Iskandar in Paris

Rhône-Poulenc, the French chemicals group, yesterday announced second-quarter net income of FF19.4m (\$1.63m), up 20.2 per cent from the same period last year.

Sales were up 5.8 per cent at FF23.4bn. The company

attributed the improvement to higher operating income.

Pharmaceuticals led the growth, with sales increasing 10.8 per cent, against an 8.4 per cent rise in animal and plant health, and 8.7 per cent in chemicals.

In the first half net income

increasing earnings per share by 20 per cent" in the full year, excluding exceptional items. Earnings per share were up 17.4 per cent at FF2.83 in the second quarter.

Although the results were in line with expectations, the shares rose 4.2 per cent to close at FF2.59.

Earlier this month Goldmann Sachs, the US investment bank, reiterated its expectation that Rhône-Poulenc shares would continue to outperform the market.

It said analysts' valuations would change as a result of the company's shift from the chemicals sector to pharmaceuticals.

Last month Rhône-Poulenc announced plans to focus on pharmaceuticals by bidding for the 32 per cent stake it did not hold in Rhône-Poulenc Rorer (RPR), its US-listed drugs arm. It also said it would sell off part of its chemicals businesses. A formal offer to minority shareholders of RPR is expected

Noranda makes modest gains

Noranda, one of the world's largest resource companies, reported a 50 per cent drop in recurring profits for the first half of 1997, mainly due to losses on its securities portfolio. After-tax profits fell 70.1 per cent to Y1.25bn (\$11m).

Lower beer sales were also a factor: overall sales were down 6.3 per cent to Y251.1bn, and beer sales fell 13 per cent. The drop was at least partly attributable to an increase in the consumption tax from April 1, which hit consumer spending in general.

Cool weather in May and June, the start of the key beer-drinking season, also depressed sales, but a heatwave in July, and strong sales of beer as mid-year presents, may help second-half figures.

The strength of Sapporo's main rival, Asahi Breweries, is squeezing other breweries' market share with the popularity of its Asahi Super Dry brand. Asahi is expected to announce a leap in profits for the first half.

Sapporo has cut its forecasts for the full year. It now says consolidated pre-tax profits at Y13.6bn, rather than Y15.5bn, and sales at Y610bn, down from the previous estimate of Y630bn.

Bethan Hatton, Tokyo

NATURAL RESOURCES

Noranda, one of the world's largest resource companies, reported net earnings of C\$81m (US\$6.8m) on sales of C\$2.6bn in the second quarter, up slightly from earnings of C\$59m on sales of C\$2.3bn last year. Price increases in zinc, copper, aluminium, lumber, pulp and newsprint over first-quarter levels offset lower prices for natural gas, oil, nickel, silver, gold and lead, said Mr David Kerr, chairman. Noranda's mining and metals group earned C\$70m in the quarter ending June 30, up 25 per cent from the first quarter. Earnings from oil and gas operations dropped to C\$10m from C\$28m.

Scott Morrison, Vancouver

International financial news from European & Asian perspectives.

FT
FINANCIAL TIMES INFORMATION

ALEX
NEWS

WEDNESDAY JULY 23 1997										DOLLAR INDEX		
	US	Dollar	Pound	French	Yen	DM	Currency % chg	Div.	Local	Index	US	Yen
	Day's	Change	High	Low	Index	Index	Index	Index	Yield	Index	Day's	Index
Australia (76)	238.02	-0.3	208.45	170.53	221.77	210.28	-0.3	3.22	238.68	205.05	171.07	221.88
Canada (21)	229.21	-0.1	201.82	182.92	224.18	218.55	+0.6	2.55	229.28	201.93	171.03	224.57
Denmark (20)	228.73	-0.6	224.80	189.02	241.48	226.57	-0.4	2.55	228.59	205.12	168.61	242.52
Finland (28)	208.12	0.6	204.18	181.55	221.57	202.63	-0.3	1.28	208.34	201.59	180.76	220.80
Iceland (127)	220.30	-0.2	195.16	161.51	208.93	220.58	-0.4	1.68	219.77	193.80	160.20	218.75
Denmark (32)	401.33	-0.8	355.57	284.22	361.55	320.50	-0.8	1.34	404.63	358.25	284.22	421.25
Finland (28)	303.17	-1.3	270.38	222.73	220.43	345.14	-1.5	3.01	319.18	255.60	220.51	338.75
France (94)	200.55	-1.2	200.47	187.53	217.49	221.28	-0.8	1.28	200.78	203.54	181.00	227.57
Germany (100)	220.03	-0.9	200.11	181.43	217.47	217.29	-0.7	1.28	220.78	203.54	181.00	227.57
Hong Kong/China (58)	532.23	-0.1	477.75	365.32	513.19	595.57	-0.1	2.83	536.51	474.98	364.27	511.58
Indonesia (27)	222.27	-1.6	193.93	162.55	211.54	235.57	-0.7	1.28	225.89	192.19	165.38	214.59
Ireland (17)	372.99	-0.1	330.20	273.22	354.89	358.09	-0.2	2.74	372.41	326.41	272.26	353.78
Italy (54)	104.30	-1.4	92.41	76.46	92.38	108.72	-1.1	1.71	105.79	93.29	77.45	102.00
Japan (465)	136.99	0.6	129.21	100.89	130.24	100.56	-0.7	0.78	136.14	120.05	99.67	120.80
Malaysia (107)	475.63	-1.1	424.95	357.65	454.67	488.97	-1.4	1.41	474.54	418.47	347.43	450.80
Norway (10)	171.08	-0.3	159.85	134.95	171.71	171.45	-0.7	0.78	172.05	162.00	142.02	180.23
New Zealand (14)	428.24	-0.8	377.54	316.49	405.55	401.18	-0.4	1.94	428.86	372.19	313.98	402.89
New Zealand (14)	91.10	-1.1	89.71	65.78	93.70	74.03	-0.5	0.52	91.13	74.58	65.92	73.68
Norway (223)	320.23	-1.0	262.72	234.77	304.78	327.72	-0.4	1.88	322.38	285.17	236.77	307.21
Philippines (22)	142.17	-4.0	125.88	104.22	136.30	208.84	-3.0	1.00	148.42	130.42	104.22	214.05
Singapore (42)	385.88	-0.1	341.91	262.								

Weekend July 26/July 27 1997

Talks with Guinness and GrandMet turn sour

LVMH sought \$1.6bn in drinks merger deal

By David Blackwell

Mr Bernard Arnault, chairman of the French drinks group LVMH, sought a £1bn (\$1.6bn) "indemnification" payment from Guinness and GrandMet, the UK drinks groups planning a £240m merger, in connection with an alternative proposal he put to them privately two weeks ago.

Yesterday's publication by Guinness and GrandMet of a document containing the suggestion appears to herald a souring of discussions between the two sides over their best future course.

The two UK companies published details of their understanding of the so-called "Northolt" proposal, which was made by Mr Arnault during a meeting at London's Northolt airport.

They said the proposal envisaged the creation of an unquoted subsidiary of GMG Brands - the company created by the Guinness and GrandMet merger - into which LVMH would inject its cognac interests but not its champagne

business. This proposal differs radically from that being advanced publicly by LVMH, which calls for a merger of the three groups into a quoted company and the demerger of their non-drinks business.

LVMH said yesterday that under the Northolt proposal, the £1bn payment would have compensated LVMH for giving up Moët Hennessy's trade joint ventures with Guinness.

GrandMet and Guinness yesterday explained their rejection of LVMH's public proposal for a three-way merger, claiming it would result in at least £1.5bn in additional taxes as well as providing an unfair share of benefits for LVMH shareholders.

Using last year's figures as a base, under the Arnault plan LVMH shareholders' share of total profits would be £163m higher than under the GMG proposal, the two groups said.

Analysts suggested that what equated to a transfer of more than £1bn of shareholder value from GMG to LVMH.

LVMH said it was not surprised by the reply to its plans

- but strongly disagreed with the conclusions drawn by Guinness and GrandMet.

It added that it was "prepared to explore with Guinness and GrandMet structures to optimise tax, which have been successfully used in demergers in the past to avoid substantial tax problems".

Mr Arnault returns to the City next week to continue a round of visits to institutional investors in search of support.

Yesterday Mr Tony Greene, Guinness chairman, also said his group had looked last year at the benefits of demerging the brewing business. He said Mr Arnault - who quit the Guinness board on Monday - had examined the details independently and had said there was no merit in a demerger.

Mr John McGrath, chief executive of GrandMet, said US tax rulings on the sale of foreign-owned companies would affect both Burger King, the fast-food chain, and the Pilsbury food group.

Movers and shakers, Page 6;
See Lex

Chinese error on zinc price prompts fears for copper

By James Harding in Shanghai and Kenneth Gooding in London

Fears were growing yesterday that turmoil in the zinc market caused by a misreading by Chinese smelters could spread to copper trading.

Early this year the smelters sold 250,000 tonnes of zinc short - that is, metal they did not own in the expectation that the price would fall and they could meet their sale obligations by buying at the lower level. But the price rose by nearly \$500 a tonne and the smelters face losses of up to \$100m.

Merchants and investment institutions that spotted the miscalculation are making the smelters pay dearly for zinc, a

metal used mainly to protect iron and steel from corrosion.

London Metal Exchange zinc prices have hit their highest levels for seven years. In the past week zinc for delivery on the LME in three months has jumped \$100 a tonne to \$1,824. It has risen \$204 a tonne, or 14 per cent, so far this month.

China's state metal organisation, CNINC, said it was doing all it could to help the smelters, including borrowing 40,000 tonnes of zinc from the State Reserve Bureau, the government stockpile. It also threatened to export record tonnages of zinc to drive down the price.

Some traders suggested that China might also sell some copper to help the smelters pay for their zinc losses.

Mr Robin Bhar, analyst at

Brandels (Brokers), part of Pechiney of France, said there was no reason why the smelters should not be able to deliver the zinc, given time. The Zhuzhou smelter, said to be 90,000 tonnes short, produced 21,000 tonnes of zinc a month, for example.

"It is vital that China is seen to fulfil its obligations in the zinc market over the next three months or so," said Mr Bhar. "So the government will do whatever it can to shore up these smelters."

This is not the first time that China has been wrong-footed in the metals markets. Citic,

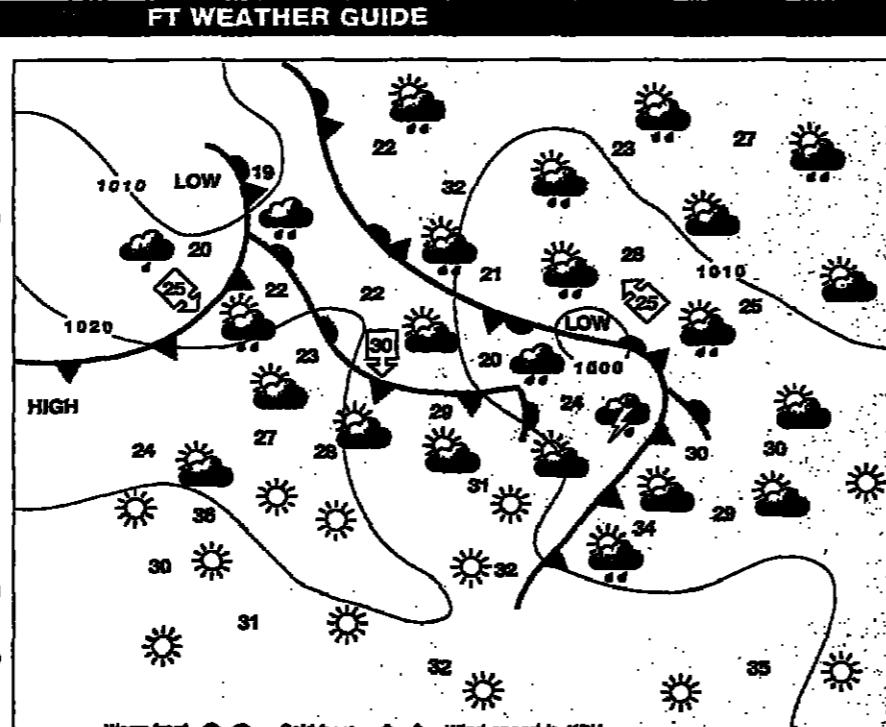
the state-owned conglomerate, lost \$40m on copper trading in 1994.

Commodities, Page 8

Companies in this issue			
Alfa Romeo	8	Fiat	8
American Airlines	2	GTM-Entropose	2
Antennas	2	Grenada	24
B2W	1	GrandMet	8 and 24
Boeing	2, 24	Gruppo Pirella	2
British Airways	2	Guinness	6, 24
Carton	24	JCI	8
Columbia/HCA	8	Johnson Matthey	8
DMG	2	LVMH	6, 24
Elf News & Media	24	Ulti News & Media	24

Markets latest	
FTSE 100:	4,801.5
Yield:	3.5%
FTSE Eurotrack 100:	2,758.74
FTSE All-Share:	2,273.85
Nikkei:	20,360.54
New York Commodity:	(+03.31)
Dow Jones Ind Ave:	5,124.13
S&P Composite:	941.05
■ LONDON MONEY	
3-mo Interbank:	6.1%
Life long gilt f/c:	Sept 1992
■ US LUNCHEON RATES	
Federal Funds:	5.1%
3-mo T-bill: Yld:	5.08%
Long Bond:	10.8%
Yield:	6.02%
■ NORTH SEA OIL (Argus)	
Brent Crude:	\$18.82
■ GOLD	
New York Comex:	\$320.1
London:	\$325.7

(Source: Financial Times)



Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

Today's temperatures

The Mediterranean will be very warm and sunny, but there will be isolated thunderstorms over Greece and Turkey. Southern Scandinavia will be unsettled with thundery downpours. Central and eastern Europe will be showery on Sunday, but should become settled next week.

Five-day forecast

The Mediterranean will be very warm and sunny, but there will be isolated

thunderstorms over Greece and

Turkey. Southern Scandinavia will be

unsettled with thundery downpours.

Central and eastern Europe will be

showery on Sunday, but should

become settled next week.

Maximum Bellingham

Celcius Belgrade

Abu Dhabi

Accra

Algiers

Amsterdam

Athens

Atlanta

B. Aires

B. Ham

Bangkok

Barcelona

Beijing

Brussels

Budapest

C. Hagen

Caracas

Chennai

Copenhagen

Dublin

Dubrovnik

Dubai

<p



Chilean bargains

'One of the surprises is that so much excellent-value wine is still being shipped from Valparaiso to Britain'



Runaway's progress

'I get letters from older women who tell me that they did in their teens what I did. And they've never told anyone'



Art Deco versus vice

'What has been preserved at Miami's South Beach is a square mile with 800 Art Deco buildings big and small'

Page XII

Page III

Page XVI

Still trying to make good

German companies are facing up to their Nazi past, writes Andrew Fisher, some more willingly than others

When Alfred Sack visited the Nazi concentration camp at Katowice in Poland in 1942, he was impressed. "Thanks to constant military supervision, impeccable order and cleanliness prevail," the Allianz insurance inspector reported back to his office. After assessing Auschwitz, a representative of the company noted that "fire extinguishers will be acquired" and that the environment was not "risk-aggravating". The camp's works buildings, carpentry supplies and other stock were insured, and the SS paid the premiums by postal cheque.

Amid the horrors of Nazi dictatorship, Germany's insurers were as meticulous as ever. Allianz inspectors reported such details as the number of cooking pots and circular saws, as well as the extent of military and SS presence in the camps.

On learning of a new forced labour camp in Poland, Bayerische Versicherungsbank - an Allianz subsidiary which had Adolf Hitler among its personal customers - wrote to the SS-controlled company asking for details such as the "water content of the fire-extinguishing pond". Sometimes, as at the Dachau camp in southern Germany, the SS even got a discount because of the size of its business.

Such banalities, contrasting chillingly with the realities of Nazi persecution, have come back to haunt companies such as Allianz, Germany's biggest insurer. "There are plenty of files which show we insured manufacturing facilities and repair operations in and near concentration camps," said Herbert Hansmeyer, a director of Allianz. "The fact is that we got awfully close to the concentration camps."

The role played by banks and insurance companies under the Hitler regime is coming under renewed scrutiny. While the wartime activities of the big manufacturing companies, such as Krupp, Daimler-Benz, Volkswagen and IG Farben, have been heavily documented, it has taken longer to unravel the participation of the financial sector.

Although they were inexorably drawn into the Nazi web, financial companies did not stand out, and bankers - not all of whom were committed Nazis - mostly preferred to co-operate discreetly. But Nazi ideology made banks subservient to the needs of the country, and they did the government's bidding.

German companies are responding awkwardly to demands to account for their role in the Nazi era. There is a general admission that many have not done enough to face up to the consequences of events in the 1930s and 1940s. But they are also under intense outside pressure, especially from the US, where German and European insurance companies are facing a \$7bn class action suit brought by Holocaust survivors and their relatives.

This action follows a \$20bn suit against Swiss banks accusing them of having failed to pay sums due to Holocaust survivors and victims' families. The unprecedented



publication this week by the Swiss Bankers Association of a list of 1,500 names of pre-1945 holders of Swiss bank accounts has further highlighted the extent to which these events are finding an echo in the present.

As the campaign against Swiss banks has intensified, so have German businesses, particularly financial companies, come under increasing pressure to own up to the past. On a recent visit to New York, Henning Schulte-Noelle, Allianz chairman, described how assiduously his company was trying to

There is an admission that many have not done enough to face up to the consequences

uncover the part it played. Earlier this year, he told employees: "We still have much work to do in researching our company's activities at the time of Adolf Hitler's regime."

He explained that the Nazis kept records of the assets of Jewish and other people it persecuted, requiring that their insurance files be marked and all payments made directly to the German finance ministry. "Thus the seizure of assets enriched Hitler's regime and that regime only."

This action follows a \$20bn suit against Swiss banks accusing them of having failed to pay sums due to Holocaust survivors and victims' families. The unprecedented

Hansmeyer, who is responsible for co-ordinating research into the insurance companies' activities under the Nazis and was with Schulte-Noelle in New York, believes the company has to be completely frank about its role at the time. "Allianz as the leading German insurer then and now, has a problem that will not go away. We can't undo what has been done, but we can put it into the open. Hiding such things can lead to criticism later."

The Munich-based company denies the lawsuit's charge that it enriched itself at the expense of Nazi victims. It also points out that the company lost nearly all its assets at the end of the war, with the government taking over responsibility for Nazi war crime reparations in 1949.

But to ensure all claims are investigated, Allianz has set up telephone hotlines in Israel, the US and Germany. So far, it has had calls on more than 800 cases. These yielded evidence of only 14 policies with Allianz. Eight had been settled by the German government after the war; the other six are being investigated.

Before the lawsuit landed, the company had just begun a project to produce an independent account of its business during the Weimar Republic, the Third Reich and its aftermath. A historian at the University of California, Gerald Feldman, and his team, including Allianz researchers, will reach into the company's files, as well as voluminous federal archives which *Der Spiegel*

magazine drew on recently for a grimly comprehensive report on how meticulously concentration camp facilities were insured.

No German company has found it easy to confront the past. Some have relied on outsiders to do the digging.

Deutsche Bank, Germany's biggest bank, produced a weighty history to mark its 125th anniversary two years ago, commissioning independent historians to research and write the book. Harold James, writing on the 1933-45 period, said that by participating in the workings of the Nazi state, "bankers too, played their part in Germany's moral catastrophe".

Feldman also co-ordinated the Deutsche project, himself

covering the years 1914-33.

Hilmar Kopper, chairman until May and now head of the bank's supervisory board, believes the book

stimulated the debate. "We wanted to show what happened in this difficult time, not to gloss over it or give ourselves a halo."

Although the moral choices seem clear in retrospect, the fanatically relentless way in which the Nazis extended their control over the economy meant that industrialists had to shed most of their scruples if they were to continue in business. In a book to be published in January, Neil Gregor writes that from the mid-1930s, "there was growing unease within business circles at Hitler's adventurous foreign policy".

From 1936, "industry was forced to react in a defensive fashion to assert its interests within an overall set of

developments that it regarded with ambivalent unease". Gregor's conclusion is a shocking one that can be applied to almost any company of the time: Daimler-Benz's managers collaborated in Nazi barbarism to the extent they did because of the "desperate pursuit" of commercial self-interest.

"Under certain circumstances, pragmatism encouraged barbarism," he says. "As an examination of the collusion of managers in the racial policy of the regime suggests, the process of creeping barbarisation in the

1930s and 1940s.

Others have taken longer

or, as in the case of Commerzbank, say their files

were destroyed in the war.

Dresdner Bank, the country's second biggest bank,

had just asked Dresden University's Hannah Arendt institute to carry out

research into its history

before, during and after the

Nazi period.

Until now, Dresden has

shied away from any external

investigation of its activi-

ties under the Nazis, with

whom it had closer links

than Deutsche.

After being forced to merge with the bankrupt Danat-Bank in 1932, Dresden, which was already in financial difficulties, ended up in state control.

This made the bank - half of whose directors were Jewish until the early 1930s

- especially susceptible to Nazi pressures. In a booklet

to mark its 125th anniver-

sary this year, Dresden

made little reference to

1933-45, noting only that "the

state obtained growing influ-

ence over the banking busi-

ness".

Yet behind this bland

statement lies the sinister

truth about business and the

Nazis. Some companies ini-

tially and mistakenly

thought they could remain

apart from the worst

excesses

and military vehicles. Last month, Degussa, the metals company, admitted it had melted down gold and silver taken from Jewish citizens in Germany and occupied countries. It is also working with Cologne university on a study of its activities in the 1930s and 1940s.

Others have taken longer

or, as in the case of Com-

merzbank, say their files

were destroyed in the war.

Dresdner Bank, the coun-

try's second biggest bank,

had just asked Dresden Uni-

versity's Hannah Arendt

institute to carry out

research into its history

before, during and after the

Nazi period.

Until now, Dresden has

shied away from any external

investigation of its activi-

ties under the Nazis, with

whom it had closer links

than Deutsche.

After being forced to merge with the bankrupt Danat-Bank in 1932, Dresden, which was already in financial difficulties, ended up in state control.

This made the bank - half of whose directors were Jewish until the early 1930s

- especially susceptible to Nazi pressures. In a booklet

to mark its 125th anniver-

sary this year, Dresden

made little reference to

1933-45, noting only that "the

state obtained growing influ-

ence over the banking busi-

ness".

Yet behind this bland

statement lies the sinister

truth about business and the

Nazis. Some companies ini-

tially and mistakenly

thought they could remain

apart from the worst

excesses

ing their day-to-day busi-

ness.

By the time Hitler came to

power in 1933, banks had

already lost much of their

strength and status. They

had been scarred by the

depression, as had many of

their customers, and any-

way, the Nazis regarded

bankers as parasites. Hitler

reasserted the Nazi party's

demand for a "breaking of

the interest [rate] slavery"

of banks, which meant that

capital should serve the

economy and the economy

should serve the people.

In addition, many Ger-

mans - not just fanatic

Nazis - regarded banks as

being tainted by their "Jew-

ish" character. The insur-

ance companies, which were

not money-lending institu-

tions, did not have to bear

quite such a weight of offi-

cial and public opprobrium.

Looking back on this dark

and evil side of Germany's

history, businessmen and

bankers are horrified at

what happened during their

parents' and grandparents'

lifetimes.

Yet it is not the sensibili-

ties of present-day managers

that are at stake, but the

whole issue of how the com-

PERSPECTIVES

Minding Your Own Business

Treading steadily along the paths of history

Grania Langdon-Down tells how Andante turned an archaeologist into a travel operator

The career path was all mapped out: a degree in prehistory, then a doctorate in Roman provincial archaeology and on to a good job. Dr Annabel Lawson was making a name for herself in her chosen field. She joined the Norfolk Museums Service in the late 1970s as assistant keeper of prehistoric and Romano-British Antiquities.

When she left to start a family, she retained her contacts, credibility and status. But suddenly it was back to square one. Lawson, 44, recalls: "In 1983, we left and moved to Salisbury in Wiltshire because my husband Andrew had been appointed director of trust for Wessex Archaeology.

"It was a seminal moment for me. I had a new baby and a toddler and had moved away from a place where I was known for my work.

"When I arrived in Salisbury, I was Andy's wife and Katherine and Joanna's mother. It seemed as though I had been robbed of my

professional identity."

Armed with her qualifications, experience and a passion for the past, Lawson set about rebuilding - arranging tours to some of the world's most fascinating archaeological sites.

From her three years working as the assistant keeper at the national research museum in Mainz in the mid-1970s, she knew that archaeological study tours were popular in Germany. Her first project was to plan a tour for Germans around Wessex, home to Stonehenge, Avebury and West Kennet Long Barrow.

In 1985, she set up a company in the dining room of her Wiltshire home and called it Anglophile. She drew up a pamphlet - *A Journey Through the Past* - and sent it to "friends of museums" groups across Germany.

"I was so naive. I just assumed lots of people would send money to a private address of an unknown woman in England. Only 12 replied. But my husband

Andante's Annabel Lawson: "Our development has been in steps... paying for that step before moving on to the next"

Andrew Lawson, who had previously worked for another specialist tour operator, joined the company to help with administration and tour management.

Two years later, legal changes concerning tour operators meant Andante could no longer book flights.

They had to be booked through a travel agent with an Atol (Air Tour Operators' Licence). Clients had to sign two different cheques for two different contracts," she recalls.

In January 1995, Lawson took on her first full-time employee, Moura MacDonagh, as administrator to help

with their programme of 25 tours. Later that year, Andante was accepted as a member of Aito, the Association of Independent Tour Operators. The following year, Stokely's daughter Emily, who had previously worked for another specialist tour operator, joined the company to help with administration and tour management.

Andante was now taking over too much space at home. So in September 1996, they all moved to a two-roomed former telephone exchange tucked away along a tiny track in the nearby village of Winterbourne Damersey.

In January 1996, Lawson took on her first full-time employee, Moura MacDonagh, as administrator to help

tours ranging from about \$265 for an unguided break in Florence to more than \$1,000 to see the Bushman rock art of South Africa.

This year, Andante is taking about 600 people from England on 31 different tours - Roman, Spain, Ancient Jordan and many others - led by academics and leading authorities. Lawson led the early tours herself but as the range grew she called on experienced friends, former colleagues and contacts to be guides. She also trained two translators living in Italy and Spain to act as freelance tour managers.

A review of bookings in January found 71 per cent were from people who had travelled with Andante

Ashley Ashwood

before. The growth of the company can be seen from its turnover - up from about \$40,000 in the early years to \$134,400 in 1994, \$332,630 in 1995 to \$436,787 last year. Overheads, minus tour costs, in 1996 amounted to \$28,000, including salaries, office rental, brochures, advertising and postage.

Andante sells directly to the public, which means advertising has to be carefully targeted, mostly in archaeology magazines. The brochures are expensive to produce and the company tries to avoid sending them to people who are unlikely to book a tour.

Profits were minimal last year after taking on the extra member of staff and moving to the new offices. The target turnover for this year is about £224,000. "That is the figure we set for our bond but we tend to overestimate to be on the safe side," says Lawson. "It is important to remember that we have a relatively high turnover because the holidays are expensive - scheduled flights, good restaurants and hotels, top guides - but this does not always mean high profitability.

"Our development has been in a series of steps - we increase the number of tours and so increase our income but then we need more staff and equipment so things level off while we pay for that step before moving on to the next one."

Looking back, Lawson says: "Andante has been the absolute fulfilment of my expectations, growing along with the children and allowing me to retain my professional identity and be a mother.

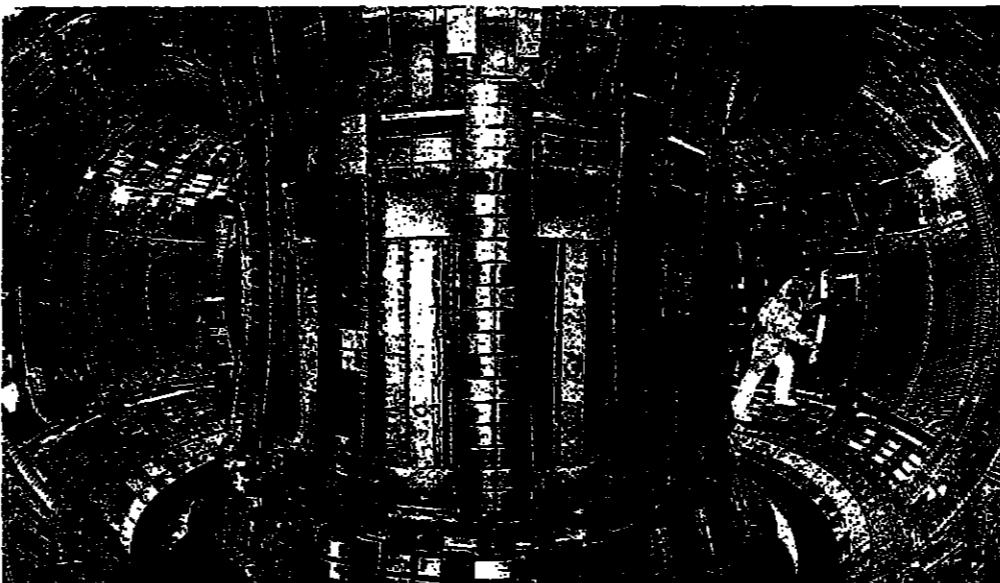
I am aware that I could not have started in this situation and gentle way had I not had a husband supporting me and the family. But now that the children are very much in charge of their own lives, Andante can really take off."

Andante Travels, The Old Telephone Exchange, Winterbourne Damersey, Salisbury, Wiltshire SP4 6EH. Tel: 01980 610555; fax: 01980 610002.

The Nature of Things

Power that's too hot to handle

The dream of using fusion for clean energy hangs in the balance, says Clive Cookson



Energy in a doughnut: an engineer inspects Jet's reaction chamber, in preparation for the planned fusion experiment

the future. Today's enthusiasts concede that technical, political and financial realities will not permit commercial fusion power stations to operate before the middle of the next century.

They hope the next step will be to build what would be the world's largest scientific experiment, the \$10bn (£6bn) International Thermonuclear Experimental Reactor. Scientists and engineers from western Europe, the US, Japan and Russia are due to finish the six-year design phase in 1998, but it seems extremely unlikely, with budgets for long-term energy research declining fast all round the world, that any decision on when and where to build ITER will actually be taken then.

Nuclear fusion powers not only the sun but also, as an uncontrolled chain reaction, the hydrogen bomb. It is the opposite of the fusion reaction - splitting heavy atoms - that powers today's nuclear plants. In fusion, light atoms are forced together, releasing heat and radiation.

The formidable technical challenge is to create conditions in which the fusion reaction can be

sustained and useful energy extracted. Most scientists are convinced that ultra-high temperatures and correspondingly vast amounts of money will be required to achieve fusion on

earth - few believe in the bench-top approach of "cold fusion".

The favourite approach since the 1950s has been to confine the fuel - superheated to become an electrically charged gas or

"plasma" - with a magnetic field inside a doughnut-shaped vessel called a torus or tokamak.

But some fusion specialists warn that it will be physically impossible to overcome the prob-

lems in a tokamak. For example, a team from the University of Texas and Princeton University has calculated that there might be too much turbulence in the fast-flowing loop of plasma at 1m°C to allow the proposed ITER to achieve fusion.

There are other approaches. One is so-called inertial confinement - a recently declassified offshoot of H-bomb development - in which an extremely powerful laser or ion beam compresses a tiny pellet of deuterium and tritium so rapidly that a controlled nuclear explosion occurs.

A fusion reactor based on inertial confinement might ignite a series of pellets, at a rate of around one a second, in a stream of liquid metal coolant. But no one has done any serious engineering work on the proposal.

So most fusion enthusiasts remain faithful to magnetic confinement in a tokamak. They hope that Jet will put on such a good show in September, when it is scheduled to run for the first time on the optimum fusion fuel

(a 50:50 mixture of deuterium and tritium), that the public

momentum to ITER planning.

In 1991, Jet generated 1.7MW of fusion power for two seconds on a weak fuel mixture with 11 per cent tritium. Since then, the reactor has been upgraded significantly and Jet staff are predicting confidently an output of 10MW - enough to supply a small town. That would break the previous record output of 5.5MW from the equivalent US machine, the Tokamak Fusion Test Reactor in Princeton, in 1993.

With luck, Jet will "break even" - give out enough energy to heat up the plasma. But it will not achieve "ignition", a self-sustaining fusion reaction without external heating. That will be a job for the larger ITER, which is designed to generate 1,500MW (as much as today's largest nuclear power stations) for up to 30 minutes at a time.

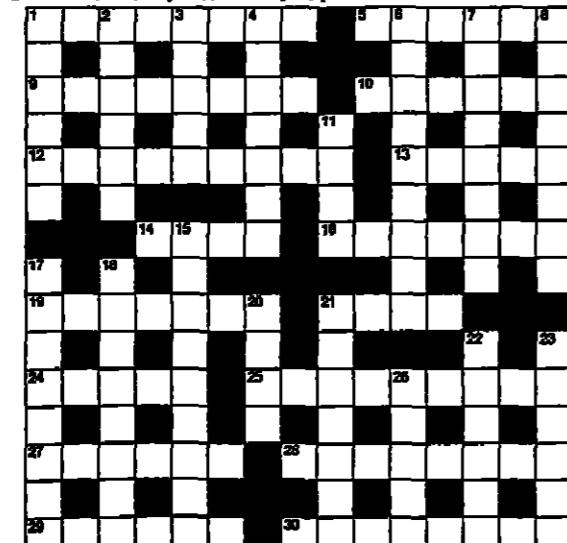
Given the best possible political and technical circumstances, it is hard to imagine ITER up and running before 2008. And, even if ITER works wonderfully, at least one more stage, a demonstration power plant, will have to be operated successfully before electric companies could think of ordering commercial fusion reactors.

Fusion represents a mega-scale approach to energy research that is now out of fashion. But the investment required is less than one-thousandth of the world's energy spending - and it might look prudent in 50 years' time.

CROSSWORD

No. 9,437 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen, the first curved fountain pen, plus a Pelikan 5000 fountain pen. Solutions by Wednesday August 6, marked Crossword 9,437 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 9. Please allow 28 days for delivery of prizes.



WINNERS 9,432: P.F. Clark, Sawbridgeworth, Herts; P. Lawes, London W5; J. Mitchell, Kilmacolm; P. Roberts, Mold, Flintshire; J. Sherwood, Oxford.



ACROSS

1 Battle in which hostile arrow initially hurtled... (8)

5 ...there is again) a king of yours who had just won... (8)

9, 10 ...wild birds got farmed (8,6)

12 Creative work, including information, in a country (5)

13 See 4

14, 15 Game of backhand and inversion of the vote (8)

16 Winner to bite a bit? (5)

19 Supreme example of girl first entering county council (7)

21 Time in jail to measure plant (4-4)

24 ...not just yet (5)

25, 26 ...of sounds - stick around (9)

27 Prophet breaking jail - he's upset about it? (8)

28, 29, 30 Brandy, first among spirits - dilute at one's convenience: what happened in 1815? (8,3,3,8)

Solution 9,436

PARISHPRIEST

EXAMPLE SPANISH

TWILL HEPTAGON

SIGHTING THREE

ADJUSTMENT

SALESMAN PEGAM

EPISTOL PACKAGE

FLAME FAIR

LADGRANDLINE

DOWN

1 Soldier to fish a river (8)

2 A horse (say) in a cast, like a dog in story (5)

3 Not seriously observed in certain functions (2,3)

4 Singer expected to write "German isn't English" on transport (7,4)

6 Communication from trail with tree (3,6)

7 Love would worry the devil (3,5)

8 Room for sance? (8)

11, 20 Regular at dance - not just ye (5,5)

15 ...lions "E" off, a guy makes gullies (9)

17 I yell audibly for food (3,5)

18 ...insist a sunburnt look is for a devil-worshipper (8)

20, 21 across Male aviator turned brick into fish (4,4)

21 Fruit, including date, in a handkerchief? (7)

22 Breakfast food in instalments by the sound of it (6)

23 No fat to shed? (4,2)

24 One ounce of sea air? (5)

25 Solution 9,425

GUPPIES BALISTIC

ALI BRA

ACQUETTE PATIENT

HMONG CDT

MEADOWLARK EDAM

VERDIT RELATION

CPI INN

HOP NOVASCOTIA

AEEH IR

RACCOON EAHAN

RELISH SKINNY

BRIDGE

North East South West

- 13 2C 4H

2D 3C 4H

Both West and East competed aggressively, but South did well to retain 4H, which showed his high-quality suit and suggested a diamond fit with partner. West led Ks. South diagnosed that hearts and diamonds would furnish sufficient tricks, and that East represented the main danger, being able to lead through his frail spade holding. With a club and a possible diamond loser, it was essential that two

spades were not lost. So declarer won the first trick in dummy, drew two rounds of trumps, finishing back in dummy with J9, and then led a small diamond.

When East followed small he misplayed with 10 which held the trick. Despite West's 2-level overcall, this was the correct play as, had West won the trick he could not have cashed two tricks in spades. The declarer now pulled the remaining trump, cashed diamonds - discarding both his spades and made 12 tricks. Despite South's success, he had missed a vital play at trick 1.

When he won in dummy with A9, East should drop J6 to indicate that he holds 10; this cannot be the start of a doubleton peter - East had supported his partner's overcall. Had West been able to win the diamond finesse he could then have led a small club to East's 10s, who would have switched to J6 to pick up two spade tricks to set the contract.

The solution is simple.

Realising that West poses no threat, declarer should duck the opening lead, leaving him on play. Now, South's well considered line of play is certain to succeed.

Paul Mendelson

CHESS

There can be problems in

being a very strong Russian grandmaster with a surname beginning with K, as Vladimir Kramnik is finding out. The 22-year-old Muscovite has been the most successful player in this year's GM invitations and is No 2 to Kasparov in the world rankings.

But White had saved his bishop and was threatening Q or Bxb5 with two pawns up. Black looked no further and resigned. But he could have played 19...Qg6 when besides the bishop Black threatens perpetual check with Qxd3+ and Qg4+. If 20 Bx2 then Rc2 21 Rfc1! Rxe2 21 f4, with a pawn up and a good position, but Black's premature surrender shows exaggerated respect for the opponent. He should have learned from Kasparov v Deep Blue.

Still, Kramnik is growing in mystique. This month at Dortmund, he won first prize unbeaten, but with the aid of a farcical finish (Kramnik v Ivanchuk).

1 Nf6 Nf5 2 e4 3 Ne5 d6 4 d4 e5 5 e3 Nb6? 6 Qc2 b6 7 Bd3 Bb7 8 0-0 Be7 9 b3 Bc6 10 Bb2 c5 Castling is safer, as the pawn push leads to sharp complications; but Black saw a chance to win a piece.

11 cxd5 cxd4 12 dxe5 dxct 13 exd7? Rxd7 14 Bxd5 Bb4 15 Bc4 Bxf3 16 gxf3 Bxh3 17 Qxc6 Qg5+ 18 Kh1 b5 19 Qe5 This was all Russian analysis. Suddenly realising

No 1181 from Doroshkevich v Taimanov, Soviet Union teams 1971. Black's last move was c3-c2, offering his last pawn. Was this (a) a clever winning move or (b) just bluff?

Solution Back Page

Leonard Barden

that White had saved his bishop and was threatening Q or Bxb5 with two pawns up. Black looked no further and resigned. But he could have played 19...Qg6 when besides the bishop Black threatens perpetual check with Qxd3+ and Qg4+. If 20 Bx2 then Rc2 21 Rfc1! Rxe2 21 f4, with a pawn up and a good position, but Black's premature surrender shows exaggerated respect for the opponent. He should have learned from Kasparov v Deep Blue.

No 1181 from Doroshkevich v Taimanov, Soviet Union teams 1971. Black's last move was c3-c2, offering his last pawn. Was this (a) a clever winning move or (b) just bluff?

Solution Back Page

Leonard Barden

PERSPECTIVES

Joe Rogaly

Invitation to a victory party for business

As we approach the millennium, true power is to be found in the boardrooms not parliament

Our fortunes are made. You can save the world's computers from the confusion that threatens to wreck them when the first two digits of the year change from 19 to 20. This is known as the millennium time-bomb. We can defuse it. Just forget 19 and 20. The correct name for the year that begins after midnight on December 31 1999 is "1 BC" - the first year of the Business Century. Its opening day should be labelled 01.01.01.

I am only half-kidding. Predictions about what will happen 88 days from now are not worth much, but there is one bet I would cheerfully stake the farm on. Business will rule. Politics will matter less, eventually hardly at all. The story of the last 200 years has been one of a

struggle between capital and labour. Capital won. It is gradually becoming the most powerful influence on our lives, above that of governments.

You cannot address any aspect of most of the world's politics, let alone guess what comes next, unless you start with this historic victory. Come to think of it, we should proclaim the Business Century at once. Future historians might dispute the precise moment of its birth. They could argue that 1 BC began with the fall of the Berlin Wall on November 9 1989, or the subsequent collapse of the Soviet Union. These are quibbles. Ask the Chinese. We're in BC now.

One small example of this is the propensity of Britain's new Labour government to invite heads of companies to help them. At least four distinguished gen-

lemen who might otherwise be minding their stores are chairing official advisory committees. A fifth has joined the administration as minister for trade and competitiveness. Corporations are being asked - bribed - to finance new infrastructure projects and employ the unemployed. Like the New Democrats in the US, New Labour is dependent on business support.

You could argue the contrary. The recent British Budget, like its French counterpart, laid new taxes on business. In the British case, these were particularly hefty, including a "windfall" tax on the utilities and a raid on dividend payments. A minimum wage will follow. Yet Lionel Jospin, France's new socialist prime minister, is regarded as unfriendly to capital, while Britain's Tony Blair appears to

have the corporate sector eating out of his hand. The explanation is simple. In France, it still pays to be seen to suspect business and embrace welfare. In Britain, it does not.

France's turn will come. It may resist or slow the incoming tide, but it cannot stop it forever. Deregulation may leave the consumer or the workforce helpless, but it is part of a growing global consensus. So is the notion of "flexible labour markets", for which read "crunching the workforce beneath the heel". So are balanced budgets. Taxpayers are increasingly unwilling to fund state benefits.

In Anglo-America, the Democrats and Labour, formerly of the centre-left, have bowed to these "right-wing" strategies and won famous victories by so doing. The balance of power between

corporations and governments has shifted, permanently and irrevocably, in favour of the private sector.

This overshadows everything else. Take constitutional reform.

I have spent a lifetime advocating decentralisation of power in Britain. Now that we are to get a semblance of it, why does my pulse fail to quicken? Because true power is to be found in boardrooms rather than parliaments or cabinet chambers.

This week Mr Blair promised referendums for an assembly in Wales and a legislature in Scotland. Great. The Welsh can call their new glorified development agency to account. The Scots can vote for a distinctive set of laws, which they already have, and deduce themselves that, with a touch of the Jospins, they can

resist the rule of the market as they did when Margaret Thatcher tried to impose it upon them. Like a newly emergent African state in the 1960s, they will be politically self-governing, but economically dependent.

This is not to say that the man

ter who runs the government at any particular time is irrelevant, or that government itself cannot make a difference. Many of the policies announced by New Labour were found when they rummaged through their predecessors' desks after ejecting them from office in May. But the implementation differs, altering dozens of small decisions and some large ones. The cumulative effect is to give the impression that a new start has been made. That Britain is better governed than it was in the last years of the Conservatives.

The transformation is stunning, but its import may be less powerful than was a change from Conservative to Labour in the days when the latter were still treading the socialist road. Today Mr Blair is jogging steadily, another few miles each morning, towards a new political settlement in Britain.

This will entrench capitalism. Reduce welfare, balance the budget. The prime minister has invited the pro-business Liberal Democrats to join a Cabinet sub-committee on further constitutional reforms. If the link can be maintained, some form of New Labour government, with Liberal support when necessary, can be sustained for the next 10, 15 or 20 years. We may have Mr Blair in Downing Street until, say, 15 or 20 BC.

E-mail: joe.rogaly@ft.com

Dressed casually, it is her face that draws attention: seeming fragile and lawless, like carefully crafted Kandinsky, but then becoming strong and flexible as we launch into conversation.

My lunch guest is Evelyn Lau: writer, poet and former prostitute. I admit to her that I had been in a state of some trepidation: what if she thought my invitation and interest in her work merely a cover for salacious curiosity? Also, I am a fussy eater but had left the choice of restaurant to her; would I be able to eat anything?

Fortunately, my worries were soon cast aside. She had chosen the smart but reasonably priced Rain City Grill near Stanley Park in Vancouver. Appropriately, it was raining heavily.

At the age of 26 and with writing credits that include three collections of poetry, a volume of short stories and a novel, Lau still lives in Vancouver where she spent her childhood. I was glad of an excuse to visit one of my favourite cities.

As we studied the single-page lunch menu, which informed us that the chef was Chris Johnson, I told her that on a previous trip to the city I had bought *Runaway*, her moving account of her traumatic childhood. As a result, I had become so hooked that I then read all her books, including the two published by Minerva in the UK: *Other Women and Fresh Girls*. She seemed genuinely surprised - and pleased - to hear this, and as her face lit up she said, in a soft Canadian accent: "Wow!"

Runaway: Diary of a Street Kid was published in 1988 when she was 18. The book was an instant success and stayed on the Canadian best-sellers lists for months and was later turned into a "television movie". *Runaway* detailed her experiences with sex, drugs and problems with adults. Her words burrow into the soul of a sensitive reader.

I asked if she still got reactions to the book. "I get some weird letters occasionally," she said, "but not as often as I get letters from older women who tell me that they've done in their teens what I did and they've never told anyone: not their husbands, not their children - so those letters are quite worrying."

For several years after the publication of *Runaway*, she felt she was considered "more of a sensation than an emerging young writer. I had a desperate need to prove my serious intent and now I'm regarded as a fairly established writer it's kind of frightening. Before, I



Evelyn Lau: 'I had a desperate need to prove my serious intent and now I'm regarded as a fairly established writer it's kind of frightening'

Alex Waterhouse-Hayward

Lunch with the FT

The runaway's progress

Evelyn Lau was into drugs and prostitution, says Kevin Goldstein-Jackson. Writing had to be a bonus

feet I was hanging my head against a brick wall and trying to convince people I had some talent. Now people are overly convinced and seem to expect masterpieces and so, as a result, I'm a bit more paralysed, whereas I didn't used to be.

We decided to skip the starters on the menu, which included tuna tartare (salmon gravlax, apple snow pea, jicama slaw, horseradish vinaigrette). I like plain food and the staff were happy for me to substitute the salmon escalope (warm pickled onion, navy bean salsa) for a plain grilled salmon.

Lau, who had been to the restaurant before, chose the ginger soy marinated prawn stir-fry (fook choy, sui

boy, gai lan, red onion, ginger, garlic, sesame, tomato oil, basmati rice).

While I sipped fresh orange juice and she drank water, we talked about our unhappy childhoods and became so caught up in conversation that we were oblivious of other diners. She had to be a writer at the age of six. Reading was her favourite activity, allowing her to escape into a "fantasy world". As a child, she thought that by writing she could create work into which others could "disappear for a while".

Soon she was caught up in

the world of prostitution and drugs - but all the time she continued her writing, keeping a journal of her activities and feelings and winning prizes for her poetry.

The waitress brings our

As she tucks into her stir-fry, Lau says: "What is probably most detrimental to my work right now is probably talking to people - and this sounds weird - about the sort of narrowness of my life. Some people think I've got all this wild material to write about and some writers actually envy that, because of my background. I should have a store of material. But, in fact, I've used it all up."

"I don't want to write about prostitution any more. I don't want to write about teenagers - but because that was my life for a period of time, and then after that I was a writer, I haven't had any other play."

I mention that, apart from

Runaway, being Chinese seems not to have had a great influence on her published work unlike, say, Amy Tan or Jung Chang.

She agrees and says she has no wish to write about China's life. "I don't think of myself as being Chinese until I look into a mirror. I'd always wanted to be a blonde."

Despite winning critical acclaim and with her work

translated into other lan-

guages, including Japanese, financial rewards have not been great. She lives in a one-bedroom apartment and has a "big mortgage".

Sometimes, she is glad of a

distraction from her writing.

"It's amazing how you can

the day - I can go to the dry cleaners, visit the post office, get some groceries. My little apartment has an enclosed balcony and that's where I have my job, and the weather in there is always different from the weather in the rest of the apartment in the winter, it's freezing cold and, in the summer, it's boiling hot, so that's another reason not to go in there, it's too cold or it's too hot."

But if she finds herself excited about her writing, "I just stop doing anything else. When my novel was going well, I spent all summer - sometimes 16 hours a day - just writing."

She still writes the first drafts of her poetry in long-hand. "It's amazing how you can stretch your errands to fill

the day - I can go to the dry cleaners, visit the post office, get some groceries. My little apartment has an enclosed balcony and that's where I have my job, and the weather in there is always different from the weather in the rest of the apartment in the winter, it's freezing cold and, in the summer, it's boiling hot, so that's another reason not to go in there, it's too cold or it's too hot."

The waitress brings the bill. Only C\$39 (£17.50) including tax, and Lau asks: "Can I help you with that?" I politely declined.

I offered to order Lau a taxi, as it was still raining. Instead, she seemed happy to walk out on to the rain-swept street and I began to muse on what images and words were entering her mind.

She had been an ideal lunch companion - but I wondered if I had appeared to her like the reporter in *Runaway* who had picked through Lau's words "like an old Chinese *amah* would pick through the hair of her child, searching for lice, pinching them away".

Truth of the Matter

Written on the faces of the dead

Christian Tyler considers how science has increased our sensitivity towards our forebears

Nothing brought the dead so vividly to life as an exhibition of mummy portraits which ended last Sunday at the British Museum.

It was not just the sophistication of the painting that was so striking - though some of these pictures might have come straight from the High Renaissance - but the humanity and individuality of the faces once attached to 2,000-year-old mummified corpses.

The refined features of the "woman in a blue tunic" could have belonged to the actress Claire Bloom. "Hermione Grammatica" (appropriately housed at Girton College, Cambridge) was a Leonardo with a schoolmarm's air. Round-faced Cleopatra peeped from her shroud like a schoolgirl waiting for a goodnight kiss. The military officer was roguish, the "woman in brown" plump and motherly, and the beauty with the gold hall earrings had the sensual mouth of a Mediterranean film star.

Most of the 60,000 people who

went to the exhibition would not have thought twice about going to see a few bodies in a museum. But having gazed on these images of aristocratic Greek-Egyptians living under Roman rule, I would be surprised if they did not have their whole perception of the past altered.

In spite of the archaeological context, therefore, it was almost shocking to find among the exhibits the skull of a teenage girl: the leathery skin was missing from around her nose and mouth, but the subcutaneous fat pinned in coils on her scalp was so real it looked artificial. Her jewelled ears, which had become detached, were exhibited alongside.

Museums have become hyper-

sensitive about the display of human remains, even of artefacts containing human hair or bones. The context has to be right. Otherwise, only *bona fide* scholars are allowed to see them.

Archaeologists are becoming increasingly alarmed by this. One reason for their alarm is Kenneth Branick's *Ice Man*. This 5,000-year-old skeleton, discovered in an Alpine pass between Italy and Austria lies today under close guard in Innsbruck: but whether he is ever put on show may depend more on his fragility than on

the sensitivity of the public. For unlike the ancient Egyptians, the Aborigines and others, modern Europeans are not too fussy about the relics of their ancestors. Certainly, their funeral rites are becoming less and less elaborate. Crema-tion is usual, burial a luxury. Some tattooed Maori heads in the British Museum collection have escaped censure, but only because Maori elders were invited in to give them their *reverence* by blessing them.

The 5,000-year-old "Ice Man"

discovered on an Alpine pass between Italy and Austria lies today under close guard in Innsbruck: but whether he is ever put on show may depend more on his fragility than on

the sensitivity of the public. For unlike the ancient Egyptians, the Aborigines and others, modern Europeans are not too fussy about the relics of their ancestors. Certainly, their funeral rites are becoming less and less elaborate. Crema-tion is usual, burial a luxury. Some tattooed Maori heads in the British Museum collection have escaped censure, but only because Maori elders were invited in to give them their *reverence* by blessing them.

The Natural History Museum in London no longer displays human remains, following similar complaints by Australian Aborigines. Some tattooed Maori heads in the British Museum collection have escaped censure, but only because Maori elders were invited in to give them their *reverence* by blessing them.

The Natural History Museum in London no longer displays human remains, following similar complaints by Australian Aborigines. Some tattooed Maori heads in the British Museum collection have escaped censure, but only because Maori elders were invited in to give them their *reverence* by blessing them.

Medical research no longer depends on a Burke-and-Hare traffic in bodies lifted from the cemetery by moonlight. Religion no longer depends on the veneration of saints' relics. And Egyptologists no longer need to unwrap the mummy: they can find out a great deal with CT scanners and computer simulation.

At the same time, there is a boom in demand for research on human remains, because we have a new tool, the decryp-tion of human DNA, one of the great scientific discoveries of the century.

So here is a paradox, but no dilemma. The more science learns about its human forebears the greater becomes its sensitivity towards them. We do not believe what those mummified Greek-Egyptians believed. But we are no better than they were: and their faces tell us so, plainly.

PERSPECTIVES

The chubby face with its signature cherubic grin stands out in one photograph after another: with a young US senator Al Gore in 1988; with Soviet dissident writer Alexander Solzhenitsyn; with Tibet's exiled spiritual leader, the Dalai Lama; with Pope John Paul II at the Vatican.

Despite the tanned pate and flowing saffron cassock, Venerable Master Hsing Yun is anything but a simple Buddhist monk. The flamboyant founder of Fokangshan Temple, which celebrates its 30th anniversary this year, is Taiwan's most influential Buddhist leader – and its most controversial.

The temple's influence even extends to the US, where it is growing in step with Asian Americans' greater voice in the political arena. Last year Fokangshan, which means "Buddha's light mountain", was caught up in the scandals surrounding the financing of Bill Clinton's presidential re-election campaign. Vice-president Gore was a guest at Fokangshan during one of his trips to Taiwan.

The country's transformation

Buddhism's 'golden age'

Taiwan's least reclusive monk is in the vanguard of spiritual entrepreneurs, says Laura Tyson

in the last decade from a military dictatorship, run by devout Christians, to a prosperous democracy has helped Buddhism to supplant Christianity as the religion with the most clout.

Taiwan's former ruler, Chiang Kai-shek, considered Buddhism anathema. With the end of the dictatorship in 1987, and the end of the Chiang family era in 1988, the death of Kai-shek's son in 1988, society opened up in many ways.

Rising social uncertainty and sudden material prosperity has made many ordinary Taiwanese seek spiritual solace in Buddhism, bolstering temple coffers and attracting politicians eager to woo Buddhist leaders for the vote of the faithful.

Fokangshan Temple stands in the vanguard of a new evangelical Buddhism led by spiritual entrepreneurs and followed by a corps of affluent devotees.

Seventy-year-old Hsing Yun's

formidable skills in popularising Buddhist precepts are matched only by those in cultivating the powerful and wealthy, attracting critics as well as followers. His appeal is enhanced by his everyman persona. His biography shows photos of him riding a camel in Egypt playing basketball with robes a-flutter, with a pigeon perched on his bald head.

The order he established 30 years ago in southern Taiwan now has over 1,300 monasteries – mostly women – and claims 100,000 lay faithful in more than 100 countries. It receives an estimated \$3.7m in donations each month.

Fokangshan sees itself at the centre of a renaissance in the Buddhist faith. "This is a golden age for Buddhism, especially in Taiwan," says Fokangshan's abbot, Venerable Hsin Ting.

Hsing Yun, who fled from

mainland China in 1949 when the Communists took control, was arrested several times by Generalissimo Chiang's security forces in the 1950s.

Times have changed. Taiwan's Nationalist-led government

March, his first stop was Fokangshan, where he was greeted by thousands of Buddhist followers and supporters of Taiwanese and Tibetan independence.

The Dalai Lama noted that in a prosperous society such as Taiwan there was the potential to neglect what he called "basic human values".

"Material progress must be balanced with spiritual development," he cautioned. His words resonated in Taiwan, where people feel bewildered by the pace and direction of change.

Last year, there was a spate of scandals about secretive religious sects whose leaders claimed supernatural powers and duped many native followers.

"Societal change in Taiwan has created a strange phenomenon," laments Hsin Ting. "Many people are making money under the camouflage of Buddhism. These people are not true Buddhists but

they damage the reputation and image of Buddhism."

"Now the government comes round, not to ask for help with charitable endeavours but to investigate temple tax records," he says. As in China's Tang Dynasty, when Buddhism flourished and temples were at the height of their powers, religious organisations are exempt from taxes. But this has come under scrutiny.

The Dalai Lama said his main purpose in visiting Fokangshan was to learn about *bhikshu* – the ordination of nuns. This is not merely an academic point. Buddha taught sexual equality but to many Buddhist groups, Fokangshan plays down conventional meditation or *chan*, in favour of teaching and charitable activities. Instead, Hsing Yun speaks of "a taste of *chan* in everyday life", saying one can meditate while working, eating or even while using a computer.

Such criticism is perhaps partly motivated by jealousy of Fokangshan's success and partly a result of deep philosophical differences among different Buddhist groups. In contrast to many Buddhist sects, Fokangshan plays down conventional meditation or *chan*, in favour of teaching and charitable activities. Instead, Hsing Yun speaks of "a taste of *chan* in everyday life", saying one can meditate while working, eating or even while using a computer.

me. But I was now alarmed. My case against Zhuruvsky, weak as it was, was dissolving. In fact, it was dead. I had nothing against him. Yet now he changed tack. He took my arm, and lowered his voice conspiratorially.

"Robert was my friend, Miss Astor. I am as saddened as anyone by his brutal death. So here we are, at last – question five: who killed Robert? All I will tell you is this: you have been lured into a quagmire. You are being used. Someone is making a fool of you. The time has come for you to turn your investigation on its head and look closely at your client. It is time, Miss Astor, for you to consider Elizabeth Mallalieu. There is also someone close to her you should be studying, someone very dangerous – dangerous to her and dangerous to you. Let us return to our friends. As we walk along, I'll tell you what I know."

By the time we had rejoined our small party – Zhuruvsky's bodyguards were still behaving as though Paul, my assistant, was invisible – my head was reeling.

I was realising I had been sucked into a deadly game of bluff. My investigation was in trouble, and so was I.

As soon as I reached London, I phoned Elizabeth Mallalieu, but she had gone on holiday to Sardinia; she would not be back for more than a week.

To while away the time, Paul and I hired movies, played tennis and watched the British Open golf championship on television. We are good at sports betting. Paul makes the selections, I handle the money. We are having an outstanding year. At one point last Saturday, towards the close of the third round of the Open, Paul noticed on his screen that one of Britain's biggest commercial bookmakers had extended the odds it was quoting against America's Justin Leonard to an anomalous 20-1.

"That's a real blunder," said Paul. "OK, there is still a full day to go. But the bookie is offering a quarter of those odds – 5-1 – against Leonard finishing in the top three, which is where he is already. We need to bet big, Jane."

In the end, Leonard triumphed by three glorious strokes – and we won £12,500.

Despite that excitement, I am a worried woman. When Elizabeth Mallalieu returns from holiday, I need to see her urgently. If what Zhuruvsky told me in Scotland is true, it is possible that Elizabeth is not just close to her husband's killer, but unwittingly – sharing her bed with him.

Not that I can prove it. I am still a million miles away. But I will get there in the end.

With my proverbial inch, I will nail Mallalieu's killer, or my name is not Jane Astor.

... TO BE
CONTINUED

Chapter Seven of FAKE will unfold in next Saturday's FT Weekend

All of the main characters are fictitious



FAKE: Chapter 6

by Michael Thompson-Noel

Jane Astor, a private detective, has been hired to investigate the murder of a London gold market specialist, Robert Mallalieu.

Mallalieu's associates included a Russian businessman, Dmitri Zhuruvsky, who has lost heavily by investing in gold. Zhuruvsky and the murdered man were also involved in the blossoming business in art fakes.

Astor and her assistant have flown to Scotland to meet Zhuruvsky at Culloden Moor. Why he was prepared to meet them at the famous Jacobite battlefield, rather than in Moscow, is only one of the mysteries of the Mallalieu case.

By the time Astor, a 33-year-old post-feminist, and Paul, her trance-dancing assistant, meet Zhuruvsky, they know they are handling a case in which nothing is what it seems...

Always, in Moscow, they carry guns. But here they're not allowed to, which makes them insecure.

We drove to the battlefield in two groups: Zhuruvsky and I in one car, with a locally hired guide; Paul and Zhuruvsky's minders in another. Paul is 20. He is a promising young investigator. I could see he was intrigued by Zhuruvsky's things, but they looked right through him – so he started sulking.

If you turn right at the visitors' centre at Culloden, a path takes you past the Wall of the Dead and the Graves of the Clans, towards a viewpoint that overlooks the battlefield from a point halfway between the front lines of the two armies.

We could see why the Jacobites had been doomed. They were outnumbered and outgunned, and were fighting on the wrong terrain. First they were cut to ribbons by Cumberland's superior artillery; then they were hacked to pieces by his well-drilled infantry and cavalry. The battle lasted less than an hour.

At this point in the guide's narrative, Zhuruvsky spoke briefly to his bodyguards in Russian, then asked the guide to excuse us – Zhuruvsky and me – for 15 minutes. We rejoined the pathway and walked towards the spot, behind his third line of troops, from where Prince Charlie had watched the battle.

As soon as we were alone, Zhuruvsky attacked me with verbal bayonet thrusts.

"Miss Astor," he said, "because you have been hired to investigate Robert's murder, you have spent a great deal of time burrowing into my background and activities. You have been defining my character." He held his hands out in front of him, and peered at them closely. Then he dropped them again. "Don't worry. I couldn't care less, though I realised some days ago that it was time to confront you, to demonstrate how off-kilter your efforts have been. Your inquiry into Robert's death has made practically no progress, and

they last for gold bugs. We lust for gold. We could not care less about its current price level.

"Gold, we believe, will one day reassess itself. It is unfashionable to say so... but the masses in

China, India and elsewhere will come to our aid, rediscovering their ancient hunger for the yellow metal. Robert and I had an extensive correspondence about gold. Always, I insisted on buying more; always, Robert cautioned me not to. By the time you return to London, copies of this

correspondence, including all purchase instructions, will have been delivered to your home.

"Second, as you have discovered, Robert and I shared a passion for art fakes. But Robert and I had no joint dealings in fakes. We went our separate ways, collected different things. The other day you met Professor Huntington, a British expert on fakes and fakery. I have spoken to her subsequently. She confirms that you have discovered nothing to suggest that Robert or I were doing anything illegal. We were honest collectors hoping to turn a profit. End of story."

"You're wrong," I interrupted.

"Patricia Huntington told me of an incident three years ago involving a pair of Russian imperial porcelain vases which you exported to France as fakes. But they weren't fakes, were they?

They were genuine. You have been illegally exporting valuable artworks from Russia by describing them as fakes."

Zhuruvsky sighed. He looked at his watch.

"Time slips by," he said. "I have only a few more minutes, so listen hard. That incident, as you call it, resulted from incompetence at a Moscow freight forwarder. Yes, those Alexander II vases were genuine; but I was not exporting them. For your information, they are now in St Petersburg once more – on display in a public museum.

Again...end of story. You have run into another brick wall. You have nothing, Miss Astor – no evidence, no insight and little credibility."

Zhuruvsky's tactics stood out a mile. He was trying to intimidate

so despite all this, I had planned to fly to Moscow to confront Zhuruvsky. But he had struck first. He had faxed me from Moscow arranging to meet me at Culloden House Hotel, a luxurious establishment, at 6.30am on July 15 – before visiting the battlefield.

Because of that forgery, the butchery of Jacobites continued for days.

□ □ □

I had known nothing about the Battle of Culloden until the other morning, when I visited the battlefield, near Inverness, in the company of a man I had been stalking – in the investigating police outfit whose chief function (Concannon says) is to combat the incursion of foreign crime gangs.

Zhuruvsky, I had been warned, was not only not involved with Moscow crime gangs, as I had believed, but was a well-placed informer enjoying high-level EU police protection.

Despite all this, I had planned to fly to Moscow to confront Zhuruvsky. But he had struck first. He had faxed me from Moscow arranging to meet me at Culloden House Hotel, a luxurious establishment, at 6.30am on July 15 – before visiting the battlefield.

Zhuruvsky is a big player in the London gold market, where his original investment totalled \$100m. Because of the sick gold price, he and his backers are losing more than £100m.

Mallalieu, I had believed, was the man who steered Zhuruvsky into gold in the first place. Yet that was not their only link. My inquiries have revealed that the Briton and the Russian were up to their necks in the market in art fakes, which are starting to attract the attention of serious investors and collectors.

It had seemed to me that the interests of the two men were so closely entwined that the Rus-

sian could well have been implicated in Mallalieu's murder.

But I had no evidence – nothing to confirm that Mallalieu had met his gory end because he had double-crossed or otherwise antagonised the Russian.

All I had been going on was guesswork and instinct, plus many hours' research into Zhuruvsky's background that had gained me a warning-off – a rarely disguised threat – from Tom Concannon, a detective chief superintendent attached to a European Union police outfit whose chief function (Concannon says) is to combat the incursion of foreign crime gangs.

Zhuruvsky, I had been warned, was not only not involved with Moscow crime gangs, as I had believed, but was a well-placed informer enjoying high-level EU police protection.

Always, in Moscow, they carry guns. But here they're not allowed to, which makes them insecure.

We drove to the battlefield in two groups: Zhuruvsky and I in one car, with a locally hired guide; Paul and Zhuruvsky's minders in another. Paul is 20. He is a promising young investigator.

I could see he was intrigued by Zhuruvsky's things, but they looked right through him – so he started sulking.

If you turn right at the visitors' centre at Culloden, a path takes you past the Wall of the Dead and the Graves of the Clans, towards a viewpoint that overlooks the battlefield from a point halfway between the front lines of the two armies.

We could see why the Jacobites had been doomed. They were outnumbered and outgunned, and were fighting on the wrong terrain. First they were cut to ribbons by Cumberland's superior artillery; then they were hacked to pieces by his well-drilled infantry and cavalry. The bat-

tle lasted less than an hour. At this point in the guide's narrative, Zhuruvsky spoke briefly to his bodyguards in Russian, then asked the guide to excuse us – Zhuruvsky and me – for 15 minutes. We rejoined the pathway and walked towards the spot, behind his third line of troops, from where Prince Charlie had watched the battle.

As soon as we were alone, Zhuruvsky attacked me with verbal bayonet thrusts.

"Miss Astor," he said, "because you have been hired to investigate Robert's murder, you have spent a great deal of time burrowing into my background and activities. You have been defining my character." He held his hands out in front of him, and peered at them closely. Then he dropped them again. "Don't worry. I couldn't care less, though I realised some days ago that it was time to confront you, to demonstrate how off-kilter your efforts have been. Your inquiry into Robert's death has made practically no progress, and

they last for gold bugs. We lust for gold. We could not care less about its current price level.

"Gold, we believe, will one day reassess itself. It is unfashionable to say so... but the masses in

China, India and elsewhere will come to our aid, rediscovering their ancient hunger for the yellow metal. Robert and I had an extensive correspondence about gold. Always, I insisted on buying more; always, Robert cautioned me not to. By the time you return to London, copies of this

correspondence, including all purchase instructions, will have been delivered to your home.

"Second, as you have discovered, Robert and I shared a passion for art fakes. But Robert and I had no joint dealings in fakes. We went our separate ways, collected different things. The other day you met Professor Huntington, a British expert on fakes and fakery. I have spoken to her subsequently. She confirms that you have discovered nothing to suggest that Robert or I were doing anything illegal. We were honest collectors hoping to turn a profit. End of story."

"You're wrong," I interrupted.

"Patricia Huntington told me of an incident three years ago involving a pair of Russian imperial porcelain vases which you exported to France as fakes. But they weren't fakes, were they?

They were genuine. You have been illegally exporting valuable artworks from Russia by describing them as fakes."

Zhuruvsky sighed. He looked at his watch.

"Time slips by," he said. "I have only a few more minutes, so listen hard. That incident, as you call it, resulted from incompetence at a Moscow freight forwarder. Yes, those Alexander II vases were genuine; but I was not exporting them. For your information, they are now in St Petersburg once more – on display in a public museum.

Again...end of story. You have run into another brick wall. You have nothing, Miss Astor – no evidence, no insight and little credibility."

Zhuruvsky's tactics stood out a mile. He was trying to intimidate

FT Weekend Competitions

This is the 20th week of our eight-week summer series of sporting challenges – with prizes for the wittiest and most original entries.

Last week, we asked you about golf. The final hole of the Open Championship at Royal Troon justly doubts about the durability of golf in its present form. An easy victory by a clean-cut player of even temperament may please the purists but the average spectator must have more to feed on.

FT readers suggested all manner of hazards and handicaps to enliven the game, but methods already suggested to improve other summer sports (play on

BOOKS

The restless quest for the big idea

W.H. Auden's intellectual promiscuity reached surpassing silliness. Craig Raine, who prefers the common sense

Auden, argues that we need ideas – but not in our art

As a convinced 1930s Socialist, W.H. Auden had a vested interest in believing that environment was a more powerful influence than heredity: "but, in the transition from parent to child, the whole pack of inherited genetic characters is shuffled." He also believed that blank verse eliminated the possibility of individual characterisation because everyone sounded the same. Lear? Othello? Iago? He believed that man needs mental escape the way he needs sleep.

All these are recurrent ideas. Others are almost improvisations – like his concurrence with Gide that friends are people with whom you do something disreputable. Which is merely a dramatisation of a banality: our friends are those we trust. Auden has been buffed and brightened, back-lit and emboldened this common-place till it sparkles attractively – and seems more profound than it is. Typical. He also believed that asthma was the child's attempt to resist the demands of life.

He was, then, a writer for whom ideas had allure, glamour, seductiveness. He was easily infatuated. *Prose 1926-1938*, impeccably edited by Edward Mendelson, is a detailed record of his intellectual peccadilloes. He fell for ideas again and again – like the besotted Professor Unrat in von Sternberg's film *The Blue Angel*. Even as Auden protested to Louis MacNeice that he was "too fed up with prose generalisations to do an article" or complained that Herbert Read failed to persuade him that Shelley had ever "looked or listened to anything, except ideas", he was indulging his weakness for notions. He took them to heart. He hedged them in the back of his mind.

Henry James, however, was a famous intellectual celibate, as T.S. Eliot remarked in the *Little Review* (January 1918): "he had a mind so fine that no idea could violate it." Eliot invoked G.K. Chesterton in contrast to James: "Mr Chesterton's brain swarms with ideas; I see no evidence that it thinks." Eliot further expressed his reservations about ideas in *After Strange Gods*, where he proposed a traditional culture in opposition to the cult of Romantic individualism where idiosyncrasy replaced authority. He preferred to make it true rather than make it new. Novelty was risk.

But Eliot's ideas, however halved by time, have evanesced like the established religion they were tied to. They are no longer part of a living tradition. They are items in the history of ideas. They were conservative ideas and now they are passé. The same is true of Freud, though

generations of intellectuals – including Auden – were taken in by the charm and elegance of his theories. They survive not as science but as *curiosities* in the history of thought.

How many ideas do survive, in fact? Very, very few. Marxism looks plausible for a while. Saussure's equation of thought

W.H. AUDEN: PROSE 1926-1938 (Essays and Reviews and Travel Books in Prose and Verse)
edited by Edward Mendelson
Faber £40, 836 pages

and language – their inseparability, their interdependence, their simultaneity – was neatly dispatched in Steven Pinker's *The Language Instinct*. Pinker offered a blunt but unanswerable refutation of Saussure: everyone knows what it is to write down something then cross it out because language, what you wrote, doesn't express what you really thought. Super-string theory in physics is notably silent. Black holes are undergoing a re-fit. This is a doctor in *Lady Chatterley's Lover*: "the nerves of the heart a bit queer already... You're spending your vitality without making any." I wonder which of our fluent medical formulae will sound comparably quaint in 80 years' time.

Auden had a determination to dazzle, a sense that the only ideas are bright ideas, whose shine and newness substitute for the tried, the tested and the duly tony. Though he never achieved the high plateau of dothiness mapped out by Keats, he had plenty of ideas: thieves differed from other criminals because their crime was "an attempt to recover the lost or stolen treasure, love". Primitive peoples, apparently, "have very little idea of death, only a very strong sense of the life of the tribe which of course never dies." This idea of surpassing silliness is accounted for by Auden's exaggerated respect for anthropology: "one of the main differences between the Victorians and ourselves is that we have one more science, the science of anthropology." Two, actually. There is also psychology, which seeds several of Auden's more manic extrapolations. "Early mental stimulation can interfere with physical development." "Everything we do, everything we think or feel modifies our bodies": one can lend credence to hysteria and to the malady of psychosomatic symptoms without accepting that absurd "everything". "The sense of guilt under which every human being

suffers was not, of course, lessened by the fading of hell. It was only transferred to medicine. The hospital and the asylum became the "punishment for moral offences, particularly the sexual." This is clever, close to the exercise of wit, fun even, and fanciful. Compare his assertion that athletics are a substitute for religion in schools. Or his claim that rhyme began with the marching songs of Roman soldiers. Or his consistent return to the idea of artist as neurotic: "Pope knew what it was to be flattered and libelled, to be ambitious, to be snubbed, to have enemies, to be short, and ugly, and ill, and unhappy, and out of his knowledge he made his poetry." Eventually, not only artists, but all intellectuals fall into this damaged category.

I prefer the common sense Auden with no time for this twaddle: poets "are people with a particular interest and skill in handling words in a particular way which is extremely difficult to describe and extremely easy to recognise." No ideas but in the thing. This is awkward but accurate. Compare this: "curiosity is the only human passion that can be indulged in for twenty-four hours a day without satiation." This is forceful, pithy, elegant and utterly mistaken. Curiosity isn't a passion. Think how often the adjective "curious" is coupled with "mildly". Even were it a passion, the claim would apply only to chronic insomniacs. It is no accident that Auden edited *The Faber Book of Aphorisms* in 1934. He was a lifelong addict of the genre's features – exaggeration, aphorism, and hawkeye verging on arrogance, and aphorisms, he wrote, "are essentially an aristocratic genre of writing." Aphorism has a take-it-or-leave-it air which defies you to spoil its laconic effect by a display of pedantry. Meredith's *Modern Love* points out the human ache which is soothed by aphorism: "Ah, what a dusty answer gets the soul! When hot for certainties in this our life!" The aphorist and the pedagogue are professionally certain – and Auden was both.

Life is complicated. Ideas are simpler. That is their appeal. We like to wake up an attentive audience, to listen to those who, if they are neither wise or knowledgeable, are at least in the know. Auden broadcast for the BBC in favour of gossip ("remember, never hesitate to invent") and many of his ideas have the air of gossip. We may be humble before anyone with a full set of shining answers, yet we are also suspicious of ideas and their volatility. Auden knew this: "Joyces are firm and there's noth-

ing new./Elliots have hardened just a point or two./Hopkins are brisk, thanks to some recent boosts./There's been some further weakening in Proust's." Warily, we know that certainty is a desirable but temporary state. And so we tend to look for the latest thing – as least likely in the short-term to be superseded. This explains a lot of Auden's thinking.

He insisted that the artist

should also be a journalist. This is partly because, in his ideas,

Auden over-valued the latest

thing, where fashion fades in the avant-garde. Party, though, he is

showing us his salvation as a



writer: "the first, second and third thing in cinema, as in any art, is subject." Subject matter saved him because the emphasis was not on the new but on on

In his poetry, aphoristic com placence, "assured of certain certainties" (in Eliot's phrase) is repudiated. What remains is the aphoristic technique of point-blankness, of counter-banal assertiveness, of context-free éclat. Never apologise, never explain, could have been invented for Auden's most characteristic enigmatic, assertive poems. It is example on example. "War is bombing an already disused arsenal, missing it and killing a few old women. War is lying in a stable with a gangre-

nous leg. War is drinking hot water in a barn and worrying about one's wife..."

That "hot water" is worth a thousand ideas. Ideas, though, are inevitable. They are imperf ectly, we live by. But they come infected with entropy. Human progress is like the rook in chess – for every step forward, there are two steps sideways, often into absurdity.

And sometimes three steps backwards into barbarism. We need ideas, but not in our art. Just think what an old lie the idea of freedom is, and how useful it is, and how we treasure it.

Nerdocracy rules in a geek world

John O'Mahony on a book short of a few bandwidths

Wallace picks up where he left off in his last book on Gates, *Hard Drive* – just as an investigation gets underway by the US Anti-Trust Committee (the American version of the Monopolies Commission) into Microsoft's questionable commercial tactics, which included hiding "secret" commands in its operating system to hamper other software companies. In a subsequent court battle, Wallace proudly tells us that the judge continually cited *Hard Drive* before making a derittorial ruling.

Having established himself as a thorn in the huge Microsoft flank, the author then goes on to give robust accounts of Gates's betrothal to one of his employees, dubbed "a marriage made at Microsoft", the delayed launch of Windows 95 and, finally, Microsoft's attempt to police the lanes of the information superhighway.

Along the way, Wallace offers some vaguely salacious revelations about his revered and loathed protagonist. Lank, greasy hair and

crumpled trousers notwithstanding, Gates was renowned for hitting on female techno-journalists and, as a student, frequented Boston's notorious "Combat Zone".

OVERDRIVE: BILL GATES AND THE RACE TO CONTROL CYBERSPACE

by James Wallace
John Wiley & Sons £16.99, 307 pages

His legendary competitive streak also allegedly spurred him to create a room at the Microsoft compound dedicated to his arch-rival and head of Borland International, Philippe Kahn – a kind of shrine to capitalist hatred adorned with photos of Kahn, Gates's own personal anti-christ.

It is also interesting to note that Gates, now worth a staggering \$22.5bn, is \$8m richer when he wakes up every morning than when he laid his head on the pillow.

But for the most part,

Overdrive is weighed down by humdrum deal-making and dull, unifying interviews. Most of the interviewees, whose brains supposedly handle as much daily traffic as Heathrow airport, can offer nothing more than American corporate jingoism. And Gates, despite his prodigious bandwidth, comes across as a cantankerous monomaniac whose best ideas were filched from other companies, who dismissed the importance of the internet until it was almost too late and who chose – this really says it all – to get married on a golf course.

But the most chronic deficiency of bandwidth seems to lie with the author himself. Surprisingly, Wallace devotes proportionately very little of his book to the cyberspace race, leaving us with few insights into the duel between Microsoft and Netscape. And the style of the book is far closer to computer manual than literary biography, particularly when the author tries to wax lyrical or plump for pithy, dramatic chapter openers: "It was no longer fun. Bill Gates had won", reads one.

Essentially, this is a book about a geek, for a geek readership, written by a geek. It is also a book that goes a long way towards proving what many have long since feared, that the world we live on is fast becoming a "nerdocracy" and that there is more than a little universal truth in the pervasive Microsoft motto: "We set the standard".

The stately road to ruin

But great houses continue to fascinate, writes Antony Thorncroft

THE FALL AND RISE OF THE STATELY HOME
by Peter Mandler
Yale University Press £19.95, 523 pages

THE FATE OF THE ENGLISH COUNTRY HOUSE
by David Littlejohn
Oxford University Press £20, 344 pages

Then suddenly it all turned sour. The aristocracy was under political attack, the public became disaffected. By the end of the second world war, with the houses ravaged by their temporary residents (American soldiers did most damage, girls' schools the least) and their owners crippled by death duties, the future seemed bleak. Suddenly the National Trust and the heritage industry came riding to the rescue.

By the 19th century, an old English custom had become a business, with both aristocrats and the public enjoying the myth of Merrie England, symbolised by the old world mansions – 18th century houses were beyond the pale. When Warwick Castle burned down in 1871 the Earl received £9,000 from a sympathetic public to pay for the re-building. These days not even the Queen of England would dare to launch such an appeal.

Dormer, who is fighting to keep his 17th century home in the family, despite a stable block with a £2m repair bill.

It is reckoned to cost over £83,000 a year just to keep a country house up to scratch. Like Mandler, Littlejohn is not optimistic about their future, and he thoughtfully includes a practical guide of possible solutions to embattled owners. These range from turning any remaining land into a golf course (fraught with difficulties), to welcoming in the television commercial makers (worth up to £3,000 a day in ready money), to selling off the family treasures (a popular but ultimately suicidal route), plus many more.

Surprisingly, opening doors to the public is anathema to most of the 2,000 owners of major country houses. Only 250 are prepared to let the gawpers in, and they mainly on sufferance: they do it to obtain a grant from English Heritage, and to ensure that family artworks are given immunity from inheritance tax.

Both these books are critically constructive. The main problem is that every owner of a country house faces a different future: some, like the Dukes of Devonshire and Westminster, have no financial problems; others, the majority, are clinging on by their fingertips, even if the noblesse oblige, even if the government will not. And if the struggle proves too much and the house must be sold, or converted into a hotel, a corporate HQ, apartments or a theme park, the future holds little more terrifying than a retirement home in Florida.

FT BOOKSHOP

To order any books reviewed on these pages from anywhere in the world please call +44 181 324 5511 or fax your credit card details to: 44 181 324 5678

Cheques (UK and Eurocheques only) can be sent to: FT Bookshop, BVC2, 250 Western Avenue, London W3 6XZ

E-mail: bid@mailbox.co.uk

Airmail Postage Rates:	Europe	Rest of World
Hardback	£1.50	£7.50
Paperback	£1.50	£3.95

NEW AUTHORS PUBLISH YOUR WORK
ALL SUBJECTS CONSIDERED
Poetry, Fiction, Biography,
Religious, Poetry, Children
AUTHORS WORLD-WIDE INVITED
WRITE OR SEND YOUR MANUSCRIPT

MINSKIVA PRESS
200 BIRCHWOOD AVENUE,
LONDON NW7 2QD

ARTS

True or false? A report came through from Italy this week that Luciano Pavarotti could not read music. The non-musical world gasped in amazement. The fat man was a fake.

Whether or not you believe it – and Pavarotti has denied it – the story posed an important but frequently overlooked question: to make great music, do you have to be able to read it? The obvious assumption is yes, you do. A musically illiterate musician is a contradiction. To know what the composer wanted, you must be able to follow the notes. Anything less means you're a dilettante.

But hang on a minute. Some of the most natural musicians the world has ever known could not read music. They were gypsies. They not only played but they created tunes more skillfully than anyone else – because they weren't tied to notes on a page. By their sheer vitality and expressiveness, gypsies influ-

enced western classical tradition far more than any other ethnic group.

And what about Ezio Pinza, arguably the greatest Italian bass of all time? He took up singing as a career only after someone overheard him in the bath and told him he had a terrible voice. As his recordings testify, Pinza became an ideal interpreter, singing with a grandeur and conviction few could emulate. He was Toscanini's favourite bass, and Toscanini was a stickler for the notes. It didn't bother Toscanini that Pinza couldn't read them.

Given the quality of music education in most north European countries today, there

would be little chance of a Pinza making headway without formal training. But musically illiterate singers from southern Europe are still quite common. Ruggero Raimondi, the Don Giovanni of our time, is a good example: he studied in Rome and Bologna, but didn't learn to read music. Italian choirs are riddled with people who can't follow a score. It's a bit like footballers in Brazil, absorbing their art on the streets along with their mothers' milk: they're far more natural performers than those who have been taught how to "read" the game.

Operatic professionals have long suspected Pavarotti couldn't read music. They didn't bat an eyelid, because it never stopped him being a great mu-

sician or an exemplary vocal technician. Opera houses are staffed by music coaches whose job it is to help singers learn their roles. If you have innate musicality and dramatic sense, it can be an advantage to have someone teach you the part, because learning it yourself ties you to symbols on a page. Is it a half-note, a crotchet, or what? If you're following a sound-pattern, it doesn't make any difference. You're going more directly to the sound than you would if you were trying to make sense of written symbols.

The essence of music-making is to cast off the restrictions of those visual symbols, to be free of the barlines. That is what all great performers of the past understood. Only in the present generation have we become

obsessed with technical perfection, literal fidelity and spurious notions of "authenticity". All three are interlinked.

The obsession with literal fidelity is a product of the 20th century's faith in technology, which allows note-perfect performances to be achieved, copied and disseminated ad infinitum. It infuses the importance of the written notes, their academic sources and those who stand guard over them. These people arrogate to themselves the rights of the dead composer, and are far more strict than he ever was about how the music should be interpreted.

The wider public is led to believe that if a definitive ver-

sion of the music exists, there can only be one way of interpreting it – the way musicologists and aesthetes judge to be most "faithful to the notes". This preoccupation with notes is a modern sickness, battering down the freedom and spontaneity music needs if it is to thrive as a living tradition. It has made musicians afraid to express themselves naturally. It encourages conservatoires to promote a style of playing that suits the recording process, free of blemish, rather than to nurture artists who can use music as a vehicle of expression.

Why should we care if Pavarotti can read music or not? Up to now, everyone was happy enough listening to him sing. Or were they? People who pro-

fessed admiration for Pavarotti were often unable to appreciate the finer points of his musical eloquence. Most got to know his voice through inferior amplified sound. What really attracted them was his success and the bandwagon surrounding it, rather than what he was actually doing. As the family of Gianni Versace has discovered, the flip-side of success is envy. It expresses itself in a form of pseudomorality: we look for a defect which allows us to denounce the successful person.

Pavarotti's "defect" was that he couldn't read music. What a revelation! So let's get the big rich man, let's blow the whistle on the fake. But Pavarotti's "defect" isn't a defect at all, because it doesn't touch the essence of the matter. That essence is musical expressiveness – something which is completely independent of the notes on the page or any intellectual process used in producing the final sound.

Throw out the music and sing

Musical expressiveness has nothing to do with the notes on the page, argues Andrew Clark



Venus and Mars by Botticelli: a painting of sexual conquest: the mighty god of war has been vanquished by the goddess of love. Mars's sleeping body, defenceless in its nakedness, is dead to the world. Venus, in contrast, is composed, fully-clothed and awake

Poets since antiquity have told us that Sleep is the brother of Death. From the National Gallery in London's current exploration of the theme of sleep within the collection, it would seem that the brothers belonged to a large family. Sloth, Lust and many another vice, and rather fewer virtues, have been fitted into the genealogy.

The pastoral idylls which open this mini-show suggest the somnolent tranquility and the wholesomeness of the simple, rural life. In Cupid's distant view of his home town Dordrecht, for instance, the sleeping husbandman is taking a well-deserved rest after a long day's work. It is, of course, a different kind of physical exertion that has exhausted Botticelli's Mars who sleeps in a forest glade a step away.

"Venus and Mars" is a painting about sexual conquest. Perhaps more importantly, it is also an allegory of how peace can be attained through love. In this long, low panel probably painted for a marriage chest, the mighty god of war has been vanquished by the goddess of love. His body exposed and defenceless in its nakedness, he is dead to the world. So deep is his sleep that he cannot even hear the blast from the couch shell

For some must watch, while some must sleep

Lust, sloth and death have been associated with sleep, writes Susan Moore. But sated love, angelic dreams and honest slumber also feature in a new exhibition of paintings

blown into his ear by one of the mischievous infant satyrs playing among the lovers. His armour and weapons have become their playthings.

Venus, in contrast, lays composed, fully-clothed and awake, coolly considering her victory. If the imagery reflects the contemporary view that making love exhausted the man while invigorating the woman, it also leaves the spectator in no doubt as to who wields the power in any battle of the sexes.

Male anxiety about female sexuality, and the ultimate male fear of castration, is at the root of a host of Old Testament stories and their frequent

representation in art. In these narratives, the vulnerability of the sleeper observed is exploited for maximum terror. The exhibition cannot offer us a Judith severing the head of the sleeping general Holofernes, or Jael hammering a tent peg into the skull of the sleeping Sisera (the victims are invariably represented dead or dying rather than still asleep), but it does present two spectacular and, in their different ways, immensely telling Delights.

Mantegna's misogynistic message, almost literally carved in stone, is self-evident. In this faux marble relief, he has Delilah herself wielding the scissors to cut the strength-giving locks of the sleeping Samson, when in Judges we are told that she summons a man to do it for her. A Latin inscription on the tree reads: "A Woman when bad is three times worse than the devil".

Slumped in sleep, this Samson seems already a weak and diminished figure. Not so Rubens's impressively muscled and full-blooded hero. Here is Rubens at his most sumptuous and Italianate. As Delilah gazes over the Michelangelo-esque torso of her lover sprawled across her lap while the business-like barber gets on with his job, it is hard to believe that she is not nursing some regrets.

Sleeping naked women espied by men, however, were always considered fair game. The naked, sleeping Venus, in particular, proved one of the most enduring inventions of Renaissance secular art. The genre is represented here by Poussin's small and overtly erotic "Sleeping Nymph surprised by Satyrs". There is little doubt about the intentions of the leering satyr uncovering the sleeping nymph or, by extension, the fantasies of the colluding spectator-cum-voyeur. For their detection, Poussin has his nymph in a pose more appropriate to ecstatic sexual abandon than to a midday doze.

No less available, by implication, are Jan Steen and Gabriel Metsu's July

clothed drunken women alone in the company of men. Alcoholic stupor, in reality, is far more obliging than sleep.

In religious art too, sleep has tended to be associated with failings of the flesh, as well as man's lack of moral courage. In paintings of the Agony in the Garden, the focus of attention is frequently the slumbering apostles who have failed to keep awake and watch, as bidden, while Christ prayed. The poignantly sweet sleep of the Christ Child in Giovanni Bellini's infinitely tender and affecting "Madonna of the Meadow" (still ravishing despite the damage it suffered at the hands of a merciless post-war restorer), cannot but allude to his impending death. His pallor and his pose prefigure images of the *Pietà* when the dead Christ lies in the Virgin's lap.

It was the vehicle of sleep, however, that enabled angels – and devils – to communicate with the human soul through dreams and visions, and we are left with Philippe de Champaigne's image of the golden breath of an angel whispering joyful news into the ear of the sleeping St Joseph.

Themes & Variations: Sleep continues at the National Gallery in London under September 14.

There is good news for lovers of that peculiarly British form of comedy exemplified by *Minder*, *Tutti Frutti* and *The Beiderbecke Affair*.

On Monday evenings for the next three weeks we shall have not one but two such series to enjoy. Moreover, astonishingly (someone in television's "Sod The Public" office must have been off sick) they do not clash but run consecutively, beginning at 9.00 and continuing until 10.40, so it will be easy to catch both.

Preston Front on BBC1, which started this week, is actually a seven-part series, written entirely by Tim Firth, who has already given us two series featuring the members of the Territorial Army unit in the town of Roker Bridge in northern England. This, we are assured, will be the last of these series.

Ain't Misbehavin' is a

crime caper set in the second world war which re-unites Robson Green and Jerome Flynn, two young(ish) actors who first met in the pedestrian ITV series *Soldier Soldier*, and then, unpredictably, had a No 1 hit with their recording of the 1985 torch song "Unchained Melody".

What are the essential characteristics of this sort of series? They are not adaptations but written specifically for television. Often you can trace a line back to the Ealing comedies of the 1940s. It is rare for them to use the sort of aristocratic milieu which we know from English literature, except (as occurs in the final episode of *Ain't Misbehavin'*) to provide a contrast to the bulk of the activity. This tends to occupy a nether world of small-time crooks, charmers and conmen: as in *The Lavender Hill Mob*, as in *Minder*; so in *Ain't Misbehavin'*. Ensemble acting can be of a very high standard.

The jokes often exploit that streak of self-deprecation for which the British like to think they

are internationally famous. The comedy is usually understated. There is little violence and no sex. The music business is not a necessary element but it does crop up remarkably often: *Tutti Frutti*, the three *Beiderbecke* series and now *Ain't Misbehavin'* are all centrally involved with bands and music making.

Though they have some of the attributes of soap opera – carefully contrasted characters, amiability, sentimentality – they are made to a high degree of professionalism, usually with high production values, and are consequently expensive. The British love them and cannot get enough of them.

Preston Front is a known quantity. The first series began, or so it seemed to me at the time, with the Territorial Army serving much the same purpose as a hospital or a fire station in so many of ITV's tedious nine o'clock dramas.

Then Firth's characters began to take on a life of their own. He began to run

Television/Christopher Dunkley

Characters with a life of their own



The cast of 'Preston Front', a series with something of the quality of 'Pickwick Papers'

with them, and they began to veer away from the straight-and-narrow down which ITV's policemen, vets and detectives are usually

driven, in step and in blinks.

Firth became more and more interested, not in the way that people adhere to the rules, but in how they depart from them. In the process, the characters started to become more interesting than the stories

and now there is something of the quality of *Pickwick Papers* to *Preston Front*: nobody pretends that the narrative is more than a vehicle for conveying and displaying the characters.

Ain't Misbehavin' opens with a crippled RAF aircraft being landed on a wing and a prayer by Eddie Wallis, an unqualified sergeant (Flynn) and from then until the final scene where boy gets girl, shortly after crooning "A Nightingale Sang in Berkeley Square", the narrative never really lets up.

The main trunk of the plot involves gang rivalry in the wartime black market, and there are all the off-shoots you could desire: a romance between Wallis and a nurse named Dolly (Julia Sawalha) who is engaged to another; a gunshoe detection business run by Wallis's new friend, spy Eric Trapp (Green); the tribulations of the band, and so on.

Producers George Gallaccio and director Norman Stone have assembled an amazing cast, with Warren Mitchell

as the band leader, Jane Lapotaire as Eric's central European mother, Jim Carter ("Dennis Potter's dad", as he is known in our household, after his memorable performance in *The Slinging Detective*) as a gang boss, George Melly as a jazz singer, and more.

There are steam trains and Fair Isle pullovers, wartime limousines and stand over the double yellow lines, but the authenticity is never quite pushed up your nose. You could call it profound, but Ain't Misbehavin' is well acted, entertaining, and often funny – not at all the sort of new material we have come to expect in the middle of the summer.

ST. JOSEPH'S HOSPICE
MARE ST. LONDON E3 4SA.
(Charity Reg. No. 31323)

"Her final days with you were among the happiest of her life. Your gentle skills converted the dismal business of dying into an art-form."

These poignant words from a bereaved husband are echoed again and again by grateful families.

They are quoted here in thanksgiving to you for the kind support on which our care depends.

Sister Superior

L. S. LOWRY
Sale as one lot
This fabulous collection of magnificent quality.
For sale considered
(not negotiable)
POST FREE £25.00 inc. 22.5%

ARTS

Time travel through ancient Britain

Antony Thorncroft visits two new galleries at the British Museum

Few subjects change more rapidly than history. The past is constantly being re-written, partly on the evidence of new discoveries, partly to make contemporary society feel more comfortable.

This is particularly true of early Britain, which is undergoing a thorough re-interpretation. The whole concept of a Celtic Britain, part of a happy family of north European peoples spreading from Poland to Ireland, is under attack, and now the idea that Britannia was some remote, frontier post of the Roman Empire is being challenged.

So the opening of two new galleries at the British Museum, covering the later Bronze Age and Celtic Europe, and Roman Britain could not be more timely. The idea behind the fresh interpretation is that you travel through time, observing from the surviving artifacts how civilisations rise - and fall.

For this is not an optimistic story. The Roman gallery, restored thanks to a £1.7m gift from the Garfield Weston Foundation, ends with some of the great finds of recent years, the treasures unearthed at Hoine and Mildenhall. The ornate silver salvers, embossed with portraits of the gods; the sophisticated luxuries, such as a silver pepper pot in the shape of an empress; the thousands of gold and silver coins, suggesting an urban market economy, were all to disappear, not only into the East Anglian earth, but also from the experience of the inhabitants of Britain after the departure of the legions in the early 5th century.

In recent years, some of the most significant discoveries about the Roman Empire have been made in Britain, suggesting that the island was a thriving and developed place, no bleak outpost. These discoveries are at last on display and provide the visitor with a field day. For example, a large section of a secular building, perhaps a 4th-century barn, from Meonstoke, was saved in 1989. It has been re-erected in the gallery and bears a striking resemblance to the Romanesque churches that started to rise in Italy a few centuries later. Could Britannia have provided the

inspiration for ecclesiastical architecture?

The island certainly embraced Christianity with enthusiasm, as the amazing silver communion plate from Water Newton, the world's oldest surviving set of communion silver, suggests. The wall paintings of the priests from the Christian villa, or chapel, at Lullingstone shows them with arms uplifted in blessing, a tradition that has survived until this day.

But the gallery also lays bare an alternative society: yet more wonderful silver utensils, but this time engraved with the name Faunus, an Italian god linked to Bacchus. The owners of this rich hoard were obviously pagans who were perhaps forced to bury their valuables when the Christians in their turn imposed a state religion on Britain.

Obviously some of the favourite objects from the former gallery are still on display, such as the elaborate military helmet used in tournaments, and the tombs with inscriptions that show that familial love has always existed. But the gallery has new priorities, not least an interest in literacy.

One of the most staggering recent finds has been a stack of inscribed tablets from Vindolanda, a fort on Hadrian's Wall, which along with lists of stores and snippets of military intelligence, includes letters from home to the soldiers defending the northern limits of the Empire. The homes were as likely to have been in modern France or Germany as Italy. In true EC spirit, the gallery stresses that Roman Britain was a cosmopolitan place.

The Bronze Age and Celtic gallery cannot offer such sophisticated artifacts, and adopts a pan-European approach. Here the documentation is particularly useful. Labels are a nightmare for museums these days - too erudite and your new public walks past; too folksy, and the experts squirm. These new galleries have it about right. The display, inevitably cramped, is also a great improvement, with well-signed cases devoted to the army, coins, religion, etc.



Bronze statuette of the Roman emperor Nero (AD 54-68) in the guise of Alexander the Great, found in Suffolk

What badly needs smartening up is the overall look of the British Museum. The new galleries are on the first floor, tucked away on the path to nowhere. But their very remoteness is a relief compared with the scrum in the grand entrance hall to the museum, which, especially

on a wet day in the tourist season, perilously recreates the atmosphere of a rail terminus in a run down east European capital. The lights are low, litter proliferates, the gloom is pervasive. The BM has a £100m lottery-backed appeal under way to

transform its appearance and to improve its customer flow. While it awaits refurbishment it might try to emulate the Tate Gallery and the Victoria & Albert museum, which are also in the throes of massive re-developments but which manage to stay pristine in comparison.

The gods have not smiled on Bregenz this summer. Rehearsals for the festival's new outdoor production of *Porgy and Bess* were dogged by torrential rain and the opening performances were washed out, leaving thousands disappointed. On average Bregenz loses two performances to the elements every summer; this year the total may be much higher.

That is the price Bregenz pays for open-air opera. In Verona and Torre del Lago the sun is guaranteed; Savonlinna and Garsington have canopies. But the floating stage at Bregenz is naked to the heavens. Even if the rain had stopped shortly before the 9pm start, the set would have been too slippery and the water-level too high.

The theory is that 6000 people gather each evening to watch an amplified spectacle against a backdrop of sundown on Lake Constance. However intimate the story-line, Bregenz's floating stage - with its technical wizardry and golden horizon - lends opera an epic dimension. Man and nature blend into one.

As *Sportin' Life* observes in *Porgy*, however, "it ain't necessarily so". The Austrian corner of Lake Constance is notorious for evening thunderstorms, and this summer it has rained for days. With remarkable pre-science, the festival recently took out a Schm (£150,000) insurance policy against weather losses. But it cannot insure against the frustra-

How Porgy and Bess came in from the cold

Torrential rain at the Bregenz Festival proved a blessing in disguise for Andrew Clark

tion which lost performances cause artists and audiences.

Whenever this happens, Bregenz tries to compensate with a concert version indoors for 1500 top-price ticket-holders. Usually this is a poor substitute - but not with *Porgy and Bess*. As we entered the Festspielhaus, we could see Hans Schwärznoch's rain-sodden set on the floating stage: a giant rump of damaged motorway, the crumbling "street of success" beneath which the inhabitants of Catfish Row would, in dry weather, have been playing out their destiny. Was it Los Angeles after the earthquake? South Africa under the grip of white capitalist oppression? Or just a run-down area of any modern city?

These questions, posed not just by the set but by articles in the festival magazine, belong to the realm of German *Regietheater*, which is not where *Porgy* belongs. It is about individuals, about humanity, about a world where love and life are

fickle, where the human spirit must be strong to survive. The most moving productions are those which stress these elements. Luckily, the disruption to the outdoor rehearsal schedule had given Götz Friedrich time to adapt his staging to the Festspielhaus. What got us an intimate *Porgy*, free of intellectual conceits and framed within a conventional proscenium, emphasising the closeness of community life. There were few props. The weight of interpretative responsibility fell on the singers and on the audience's imagination.

Outdoors, voices would have been miked, and the orchestral sound would have been piped from an invisible pit. *Porgy's* arrest would have involved a police-boat, and there would have been an eye-boggling light-show. I was much happier experiencing *Porgy* under "normal" conditions: "A Woman is a Sometime Thing" had a street-party atmosphere; *Porgy's* fight with Crown was vividly choreographed. Emotions came across with an immediacy which stadium opera can never convey.

The performance ran uninterrupted for just under three hours, and time flew by. It might not have done so if Andrew Litton had not kept the music moving so swiftly. Litton knows just how to pull off Gershwin's jazzy syncopations, and the Vienna Symphony Orchestra

his own good: as well as being one of the greatest instrumentalists of all time, he wrote 12 operas, and *The Demon* testifies to his facility. The magic-folk elements of Russian opera were treated with greater depth by Rimsky, the personal psychology with greater sincerity by Tchaikovsky.

To succeed, *The Demon* demands the most powerful interpreters. Leiferkus, Prokofiev and Gergiev would do nicely. In Bregenz only its weaknesses were evident - through no fault of the conductor, Vladimir Fedoseyev, or the choirs imported from Moscow and Sofia. Indeed, Fedoseyev's command of the idiom, notably in the gentle choral interludes, was the most striking feature of the performance.

The biggest disappointment was Neil Armfield's staging. *The Demon* is a drama of the soul, crying out for the kind of abstract modern treatment which would force its psychological and sexual undercurrents to the surface. What we got in Carl and Anette Oberle's designs was the blandest story-book pictorialism, littered with Russian folk costumes, clichéd Cossack choreography and a devil who could have stepped out of 100 productions of *Faust*. Armfield will have to do better when he makes his UK debut next season with WNO's *Billy Budd*.

In the title role Egli Sillins floated round the stage like Batman, but failed to project the Demon's stalker-like lust for sex and salvation. Marina Mescheriakova, who also sang Tamara in the 1994 Wexford production, never quite captured the troubled spirituality of the part. Ilya Levinsky made the best of Sinodal, the short tenor role, while Olga Alexandrova was a suitably beauteous Angel.

Next year Gergiev will be Montemaggi's *L'amore dei tre re*, and David Pountney and Stefano Lazaridis return in 1999 to stage Martini's *The Greek Passion*.

The week's most vivid memory was the schoolmarish tone of the select committee rapping the Chancellor over the knuckles. He could best serve the interests of the open government it was vaunted by his administration, the committee sharply abjured him, by giving straight answers to straight questions.

This was in Wednesday's

Yesterday in Parliament,

tacked on like an after-thought to *Today*, one of the small but vital cogs in the smooth-working BBC machine that was once the envy of the world; something that controller "lance" Boyle has earmarked for extinction with his unfailing flair for picking on what works perfectly.

Meanwhile the everyday efficiency of what was once the greatest broadcasting organisation in the world could do with a basic overhaul.

In the much-prized *Today* and *P.M.*, tapes are mislaid or miscued or emerge at the wrong speed.

If the powers that be really want to emphasise R4's news service they must do better than this. Radio 4 lost the one o'clock news a few weeks ago. It was only on a Saturday so presumably no BBC executive noticed, being otherwise engaged net-working on golf-links or failing management survival courses.

The time signal came and went. After a long pause the continuity announcer made excuses and nervously filled us in on the afternoon's programmes. More silence; more filling-in, with the panicky announcer's accent getting steadily more Australian, always a sign of civilisation crumbling. Eventually a very brief news summary was read, slowly and cautiously; even so the bulletins ended well before time - an indication of improvised headlines from some other channel thrust into the breach. How strange, how delightfully perverse, how

Off the Wall Saviour of the South Bank

Let us now praise rich men and women. To qualify for lottery cash, arts companies have to rustle up a quarter of the money needed. The corporate sector has shown little interest; local authorities have done their best; but the real stars are individuals.

In the last week alone, Sir Edwin Mansfield was confirmed as the great donor to the new Tate Gallery of British Art at Millbank, with a gift worth £12m; Vivien Duffield and Lord Sainsbury have done their bit for Covent Garden, each presumably committing £20m to the £70m already raised towards the £100m appeal; while Sir Paul Hamlyn has proved the saviour of the South Bank, contributing £17m of the £27.5m it needs to raise towards its £151m development.

It is the Hamlyn gift that is most remarkable. He was known for subsidising performances at Covent Garden, but had no contact with the South Bank. His arm was squeezed by Elliott Bernerd, chairman of the South Bank Board. In future Bernerd will be chairman of the Paul Hamlyn Centre, for the South Bank has agreed to change its name to honour the gift. The main halls, the Festival and the Elizabeth and the Hayward Gallery, retain their individual identities, but the Purcell Room is also up for grabs to a benefactor.

The Hamlyn money ensures that, along with the bank guarantees on the retail properties in the development, all Nicholas Snowman, chief executive of the Paul Hamlyn Centre, now needs to make the UK's largest arts centre fit for the new millennium is the £113m it is seeking from the Arts and Heritage lottery boards. This money has been constantly delayed as the boards argue about their respective contributions, but Snowman expects to get confirmation in September, and will then push ahead with the rebuilding.

If all goes well most of the Hamlyn Centre will close in April 1999 for two years,

although the Festival Hall will only be dark between July 1999 and April 2000. The centre should re-open, protected by its vast glass "wave", the inspiration of architect Richard Rogers, in the spring of 2001.

Already plans are afoot to use the Central Hall Westminster during the closure for concerts by the centre's resident orchestra, the LPO and the Philharmonia, with smaller bands going to St John's, Smith Square. The Hayward will put on touring shows and use the Whitechapel. But before that, the Festival Hall will shortly go dark for six weeks while the stage is widened.

for the Royal Ballet. The money to pay for this comes in part from the first surplus that the South Bank has achieved over a decade.

This was achieved partly from a boost in audiences, up 2 per cent across the halls to 67 per cent. But the main contribution to the £100,000 surplus was cost savings: the centre's staff has been cut by a fifth, to 260, in the past five years.

Switching the mid-week lottery revenues into health and education will cost the arts at least £50m a year. To general dismay Blackheath Concert Halls and the Bristol Consortium, involving Bristol Old Vic and the Arnolfini, are not to get the money they desperately need. A fall in lottery cash is one reason given for the Arts Council's decision.

The changes means that Blackheath Concert Halls was set to close its doors last night. At the crisis meeting on Wednesday, the Arts Council suggested that Blackheath should appeal against its rejection. But the next Arts Council meeting is not until September 17 and the delay was too much for another financial backer, the Borough of Lewisham, which has decided to hold back £25,000 of its annual £200,000 grant.

Without £150,000 a year in subsidy Blackheath cannot continue, and one of the most enterprising voluntary achievements in the arts of recent years, restoring the 100-year-old halls to their former glory, will founder.

Neil MacGregor, director of the National Gallery, is disgruntled over the question of VAT and museums. Local authority museums do not pay VAT; museums which charge admission fees are deemed to be in business and can claim back VAT; but museums like the NG, which is committed to free entry, must pay full VAT.

This creates the anomaly that the V&A, which introduced charges last autumn, will gain an extra £5m in revenue this year, of which only around a half comes from admission fees; the rest will be reclaimed VAT. In contrast the NG faces a VAT bill of £1m.

The perfect solution for MacGregor is the removal of VAT from all museums. Since the government seems to be in no position to restore museum grants to traditional levels - the NG has suffered a 12 per cent cut in three years - this could be an attractive option.

A.T.

seemed its deathbed. *Goodness Gracious Me* has returned: that cheerful, unprejudiced and supremely good-humoured comedy show with an Asian slant, as funny about the pretensions and foibles of British Asians as it is about the British - Europeans, I suppose is the rather unconvincing label. The series reassures us that it's possible to be amusing and, yes, satirical without viciousness or prurience, something that the likes of the all-failing, all-floundering *Week Ending* forgot years ago.

The key, in comedy and drama, lies in finding good writers. The BBC has discovered Collin Johnson and, as is their wont, may flog him to death. *Cold Call* filled Tuesday's Thirty-Minute Theatre slot agreeably: a nifty little tale with a twist about phone-sales of advertising, written with an accurate feel for embarrassment that bespeaks personal experience. Even sharper in its wit is *Capital Cases*, Johnson's Thursday-morning serial, with the wonderful Peter Jones as a millionaire who goes into the loonier (i.e. more humane) end of politics in the face of developers, speculators, planners, crooked local government employees and the like. Great fun, wonderfully appropriate. So too is the irreplacable Chris Langham in *People Like Us*, which returns for a new series after repeats to remind us how good it was. Roy Mallard is the man from the BBC, an inept bungler who reminds us of another bird-named (and brainied) media man, Alan Partridge. Mallard's weekly radio investigations around the derision of his subjects, vaguely perceived but not quite understood by the hapless media chap himself. He reminds me of someone, though I cannot put my finger on it.

John Birt has had a pay rise of 18 per cent.

Back to the real world and one of the BBC's greatest stories, *The Proms*. Or, for this unfortunate scribbler, not. Every year a special press office is set up to deal with the Promenade Concerts, the biggest and cheapest music festival in the world. This year it seems to have collapsed under the strain, to judge by a pathetic message left on my answering machine by a plaintive young woman. A request for press photographs was met by an irritable whine from another young woman who said that they only had pictures of James Naughtie and the Albert Hall, distinguished from one another with some difficulty, it transpired. The Radio 3 press office has stepped gallantly into the incommunicative void left by the fawning out of vital services to part-timers and amateurs - a disastrous policy evidently not confined to making programmes.

John Birt has had a pay rise of 18 per cent. From the corporation's unfunny Ealing comedy to deliberate humour. For long a running sore in Radio 4, light entertainment is looking up from what once

Martin Hoyle

Shakespeare's Globe Theatre
Opening Season
27 May - 21 September 1997
BOO 0171 316 4703 (24hrs)
0171 401 9919
Henry V
The Winter's Tale
Tues-Sat at 3pm and 7.30pm,
Sun at 4pm

PAMELA DERRY
New Paintings,
from 26th July - 6 August
Corney Galerie,
Thames Side, Hoxton-on-Thames, Chis.
Tel: 0181 737 0429

THE SOCIETY OF VINTAGE ARTISTS
Exhibition 24 July - 6 August
Daily 10-6 MALL GALLERIES (nr Admiralty Arch) London W1

مكتبة الأصل

How to Spend It

There he was on the final green - Justin Leonard about to make his final putt in what was to be as much a victory for good taste and designer labels as it was for an emerging talent. The studied good taste of the Ralph Lauren Ivy League look was about to record a momentous win over the bright purple stovepipes of Jesper Parnevik and his designer, Johan Lindbergh.

Good taste had won and we should have cheered but, treacherously, chirrily, came the thought - would golf ever be quite so beguiling ever again? Time was when those of us who are not obsessed with watching

Farewell to Fair Isle on the fairway

Lucia van der Post finds herself bemused by the outbreak of good taste on the greens

grown men hitting small balls into tiny holes switched on to hoot at the sheer awfulness of the sweaters and those strange garments called slacks. How we laughed at the flurries of checks and mismatched Argyles, the fleshes of improbable colours, the polyester layers and the general naughtiness of the clothing. How we hooted at the sight of talented athletes swinging their way to a fortune with not a decent

sweater between them. Short of gloves, too. They never do seem to find a matching pair.

But last weekend, as we tuned into the Open, we were met with a shocking sight - monochrome chic had hit the greens. Plain navy, muted grey or cream chinos accompanied by sober polo shirts were everywhere. Gone was the naughtiness and in its place was a strange sobriety. It was as if the costume designers

to *The Likely Lads* had been swept away by the preppy Ralph Lauren ads team.

This doesn't mark an outbreak of aesthetic scruples. Golfers, like tennis players, will wear anything, it seems, so long as they're paid, and this year they're being paid to wear chic. The big designer guns, the boys who are world-renowned for their elegance, their refinement, their understatement - to whit

Giorgio Armani and Ralph Lauren - have moved into golfing gear. They know a good thing when they see it. Clothes have always mattered but now they matter more than ever.

If you're Tiger Woods and Nike is your sponsor, you're not only in the money (his contract is reported to be worth £26.5m over the next five years), but you're in luck - you've got some strong simple colours and just a big tick

of a logo to contend with.

If you're Jesper Parnevik, you earn your money the hard way - it's purple stovepipe trousers, large but ungainly logos from a German computer software company (SAP), but you can turn up the brim of your hat so that you can tan your forehead and an idiosyncrasy that he has turned into big business.

If you're Nick Faldo you get to wear the Pringle sweaters (he's a

steal at a mere £1m a year). If you're Steve Ballesteros, Boss calls the tune while Fred Couples and Ernie Els stride the greens in Ashworth. And if you're Tom Lehman - Blue Collar Man - and you feel you're not a "£150 pants man", then you get Dockers to pay the bills.

Golf used to be a fashion-free zone, a dodgy sartorial world unto itself. Payne Stewart in his plus twos still flies the maverick flag, a few absurd shirts and sweaters still enliven the screen. But by and large, now that Lauren and Armani have arrived, the fun has stopped. Good taste rules and oh, how I miss the bad.

Fashion

Can golf ever get itself out of that ungroovy bunker?

Unreconstructed Nick Sullivan pulls on his purple v-neck and lime green slacks and doggedly heads for the first tee

Every sport has its own style rules, its sartorial purisms more often than not at odds with prevailing fashion trends. Golf is no exception. Within the framework of the game, clothing which appears iridescently absurd to an outsider has always been perfectly normal to practitioners and spectators alike.

While the old guard of the golf establishment, particularly in this country, clings grim-faced to its age-old, old-age traditions, new pay-and-play courses are springing up everywhere. But if you think this means you now can turn up for a round wearing any old clobber, you're sadly mistaken.

That's not to say that old school golf style doesn't have its fashion moments. Two years ago, the more extreme end of golfing chic - think Payne Stewart in his electric yellow loonytoon outfits - found new fans

started to produce their own golf collections. Last year it was Giorgio Armani, Gianni Versace and Ralph Lauren; next year clothing giant Hugo Boss joins the club with the imaginatively titled Hugo Boss Golf.

But taking this as a sign that golf is finally becoming groovy is premature. Brand extension is top of most designers' list of priorities, but when you have established a main line collection, a secondary line for distribution through department stores, a diffusion line, jeans, underwear, home collections, the possibilities get a bit thin on the ground.

It is the establishment of sport as a lifestyle in its own right that is making golf, like skiing or tennis, worthy of the attentions of fashion's big guns. That said, launching a line for a specific sports market is not straightforward.

For all their bright colours and clashing patterns, the best of traditional golfing specialists have worked hard to enjoy their credibility among golfers. This makes it far from easy for fashion designers to edge their way into the sport and just do their own fashion thing without a hefty dose of product endorsement from key players.

Ralph Lauren is the sportswear designer par excellence in the US. Apart from his specialised Polo Sport range, which covers every kind of outdoor activity from rock climbing to tennis, his main line collection is so suffused with sporting references that his golfwear, launched last year, looks just as wearable as the rest. In fact, the collection features clothing little different in appearance from his main Polo range, with his signature summer plaid polo shirts and washed-out khakis.

Yet, in performance terms, Lauren has hit the nail on the head. He uses Supplex yarns in knitwear to aid the wiping off of perspiration and includes shower suits which can be deployed quickly and easily in the event of a downpour. The all-important gear - the golf shoes, gloves and bags - are covered, too. Even the balls have his crest on them.

Hugo Boss, for its part, has long maintained a high profile on the links as a leading corporate sponsor of players such as Seve Ballesteros and Bernhard Langer. But the awaited golf collection, which is just about to be unwrapped, will be a new departure, sold through green grass golfing shops as well as the company's boutiques worldwide.

Fashion has long had a passion for the functional detailing and technical fabrics of brands such as Henri-Lloyd, Helly Hansen and Musto, and countless other labels designed for salty types and worn by people who have little more experience of the briny than taking a cross-channel ferry. Sailing is sexy. Rugby is sexy. Soccer is sexy. Golf is, well, golf.

Sport is now a creative tool as powerful as sex in the game of selling stuff to men

among fashion designers and stylists who liked it for its very lack of style - in short, for its nerdiness. All that bright or pastel knitwear, the mad clash of patterns, the quintessential eye-popping checked trousers - was too good to pass up for the catwalk. It fitted the mood of a moment, even if not a thread made it on to the links for real.

Periodically, bits of golfing softwear - from flat caps to roll-necks - can make it across the gulf into fashionability, but their appearances are few and far between. Contrast that with yachting gear, hardly a sport any more actively enjoyed by the unwashed youth of the nation.

Fashion has long had a passion for the functional detailing and technical fabrics of brands such as Henri-Lloyd, Helly Hansen and Musto, and countless other labels designed for salty types and worn by people who have little more experience of the briny than taking a cross-channel ferry. Sailing is sexy. Rugby is sexy. Soccer is sexy. Golf is, well, golf.

It is in an effort to change this that some of menswear's leading fashion labels have



Clockwise from top left:

- Navy/red/white wool Argyle sweater (worn back-to-front), £20, by The Scotch House.
- Navy/red/green check trousers, £20, by Woods and Irons from Harrods.
- Navy and white visor, £9.99, by Titleist from Hever Golf Club Professional shop.
- Dress Gordon trousers, £25, and matching cap, £20, by The Scotch House.

Black and white brogue golf shoes, £155, by Church's.

- Big Bertha clubs, £290, for a set of irons plus orange, white and yellow golf balls, £1.50 each, all from Harrods.
- Lemon wool rollneck sweater, £50, by The Scotch House.
- Gold brooch, £140, by Souza.
- Lemon visor, £12, by Kangol.
- Putter, £129, from Harrods.
- Lemon wool rollneck, £50, and red tartan trousers, £29, from The Scotch House.
- Brown and white golf shoes and brown glove to order from Polo.

Golf by Ralph Lauren.

- Red cap, £24, by Kangol.
- Right: Black zip-up jacket, £225, by Giorgio Armani Golf, from Harrods.
- Black and white trousers, £25, from Versace Sport; black and white golf shoes, £73, by Reebok; white glove to order from Polo.
- Left: Red wool rollneck, £50, and beige chino trousers, £210, brown glove and brown and white golf shoes to order, all from Polo. Golf by Ralph Lauren.
- Right: pale blue button-down shirt, £115, and dark green

Trousers, £125, all by Giorgio Armani Golf.

- Red, cap, £24, by Kangol.
- Green glove to order from Polo.
- Golf by Ralph Lauren.
- Black and white golf shoes, £155, by Church's.
- Golf by Ralph Lauren.
- Black and white trousers, £25, from Versace Sport; black and white golf shoes, £73, by Reebok; white glove to order from Polo.
- Left: Red wool rollneck, £50, and beige chino trousers, £210, brown glove and brown and white golf shoes to order, all from Polo. Golf by Ralph Lauren.
- Right: pale blue button-down shirt, £115, and dark green

(0171-259-5700); Giorgio Armani Golf, 37 Sloane St, London SW1 (0171-238-8232); Ralph Lauren Golf Collection at Polo, Ralph Lauren, 143 New Bond St, London W1 (0171-491-4987); Soule, 0171-580-9042; John Smedley, 0171-734-1519.

- Photographer: Scott McClelland, assisted by James Moulford and Ces Terranova. Stylist: Crisit McClory. Grooming: Thomas Dunkin, using John Frieda products. Models: Glen Griffin and Bill Messer.
- Shot on location at Hever Golf Club, Kent. (01732-700771)

HACKETT LONDON

ESSENTIAL BRITISH KIT

Sale

now on at

13 ST JAMES STREET, LONDON SW1 0AY TEL: 0171-750-3331

ST JEROME'S STREET, LONDON SW1 YH TEL: 0171-930-1339

68 NEW KING'S ROAD, LONDON SW3 4SG TEL: 0171-571-7504

29 HOLBORN, LONDON EC1N 2EP TEL: 0171-405-1765

17 BISHOPSGATE, LONDON EC2M 5TH TEL: 0171-630-7020

2 EASTCHEAP, LONDON EC3M 1LU TEL: 0171-630-6765

HEATHROW TERMINAL 2 - TAX FREE TEL: 0181-581-750-1300

HOW TO SPEND IT

A chance to buy a bit of Cartier style

Lucia van der Post praises the bravura of the jeweller's 150th anniversary catalogue and looks forward to an exhibition of its rarest designs

For sheer bravura, the 108-page mail order catalogue Cartier has launched to celebrate the 150th anniversary of its founding is hard to beat.

Here we are in the supposedly tender, caring 1990s when the bad old spendthrift ways of the 1890s are meant to be over and Cartier comes up with a catalogue in which the least expensive item will set you back £230. A Les Must watch costs £225, a classic 18-carat pink gold ring set with diamonds £1,995, while some of the one-off designs, the grand set piece *colliers*, for instance, run out around £235,000.

But for those who have long nurtured an admiration for the designs produced in Cartier's heyday - generally accepted by Cartier itself, as well as by auctioneers and collectors, to be the period from about 1900 to the start of the first world war when Cartier was establishing itself as a leading jewellery and fine object house - here is a chance to buy and own some of that design flair.

For almost everything in this anniversary catalogue is based on the old design traditions of the Cartier story. Here are pieces based on the brilliantly coloured Tutti Frutti style - developed to suit the dazzling stones Indian maharajas brought over to be given the Cartier treatment.

The Tutti Frutti watches are the epitome of ingenuity - like jewelled bracelets with the watch faces concealed behind baguette-cut diamonds or combinations of ruby cabochons and emeralds. Then there are pieces using the tiger and panthere motifs so beloved of the Duchess of Windsor, rich gold and black lacquered pens with watches in the tops, matching lighters and Art Deco influenced lizard-skin handbags.

All come in limited editions only - in numbers that are weighted with historical significance for Cartier.



Left: A 1930s narrow multi-jewelled watch and top right, new limited edition Tutti Frutti watches in 18-carat white gold with oval or square dial. Centre, tiger brooch in yellow gold and platinum watch (£14,400) from the anniversary collection. Bottom right, 1920s Cartier Vanity case, from the archive collection.

Some of the designs are one-offs, some are made in editions of just three (representing the famous three-band rolling ring and the three Cartier shops in Paris, London and New York), others in batches of 150 (the age of the house of Cartier) and yet others in editions of 1847, the year it was founded.

A few of the most popular designs sold almost immedi-

ately, many sight unseen, bought straight off the catalogue pages. An exquisitely simple evening bag topped with a jewelled panthere clasp, after the style of the designs the house did for the Duchess of Windsor, sold out its edition of three straight from the catalogue, at £20,000 each.

The sapphire and diamond *collier* (total of 690 sapphires

beads and four Ceylon cushion-shaped sapphires adding up to about 28 carats, as well as 89 baguette-cut diamonds totalling 32 carats) sold immediately, as did the 15 wonderful pens in 18-carat yellow gold with a watch in the lid (all at £14,150 a time), while all 150 examples of an elegantly simple platinum watch sold out at £14,400 each.

But there are plenty of fine examples left and anybody interested in buying into the Cartier style and wanting a catalogue of the *Les Collections Privées de Cartier* should telephone 0171-493 6962 for a (free) copy. It is beautifully produced and those of us who will never be able to muster the sums required to own a piece can gaze at the pictures and marvel at the human skill, artistry and ingenuity that went into making them.

Beautiful as the items in the *Collections Privées* are, they pale beside the glittering beauty of the 227 archive pieces that have been put together by the British Museum and the Museum of Modern Art in New York to make an anniversary exhibition.

These are on show at the Museum of Modern Art in New York, but from October 1 until February 1 next year they can be seen at the British Museum. All the exhibits (which include jewellery, clocks and watches as well as objets d'art such as cigarette and vanity cases) are from the years 1900-39. All are historic designs from Cartier's most creative years and most are of quite stunning beauty - the cigarette cases in enamelled gold, agate, emerald, rubies and diamonds set in platinum, the jade mystery clock, the cigarette holder of jade, onyx and diamonds, the vanity cases in turquoise and pearl.

So it is with fridges - though here the functional element has a stronger role to play. Besides reassuring its owner that this is the sort of family which has proper jumbo meals, it is big enough to hold multi-layered pizzas and any number of Marks and Spencer chargrilled chickens.

As David Warren, director of Christie's jewellery, puts it: "Any jewellery from Cartier's heyday is keenly sought after by collectors. In the first half of this century, Cartier's fantastic designs led the jewellery world and so today any sale of pre-war Cartier designs is more or less guaranteed to be a sell-out."

"We have held two Cartier-only sales [in 1992 and 1993] and both were a huge success with collectors around the world. Fortunately, these were Cartier's most prolific years so enough pieces come up to allow quite a few people to build a collection."

This is a wonderful chance to see these rare archive pieces. For those who cannot get to the exhibitions there is an appropriately sumptuous book, *Cartier 1900-1939* by Judy Rudoe (£50 hardback, £20 paperback), which tells the whole remarkable story.



The days when men wore the jewels: the Maharaja of Patiala in 1941 wearing a large diamond bib necklace and diamond collar made by Cartier

Happiness is a big fridge

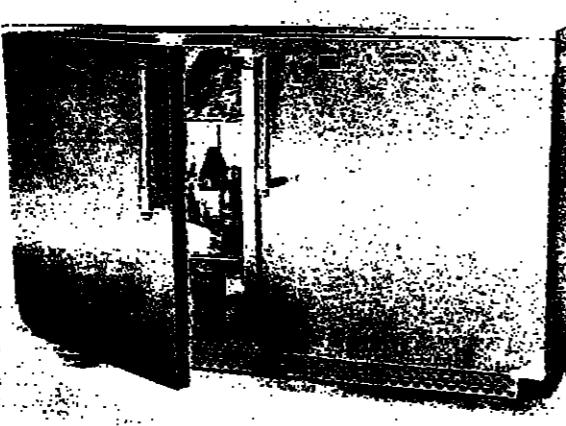
Lucia van der Post discovers a new kitchen status symbol

Funny how the fridge has become the status symbol of the late 1990s kitchen. Once it was the Aga one was called upon to gasp at... or just possibly the island unit or the rag-rolled Smalldone units. Today, it's the fridge.

This is particularly odd given how few of the young seem to enjoy cooking. The less frequently they cook, the more they seem to need professional-standard equipment to display around the kitchen.

Whether they know how and never get the time, or whether they would like to and don't know how, remains one of life's newer mysteries. What is certain is that they can discuss in minuscule detail the finer points of polenta and pasta, drool over menus and expatiate on the merits of the different sources of balsamic vinegar without ever needing to touch the cooker (which, incidentally, also needs to be large and of semi-professional or real professional standard).

The fridge, though -



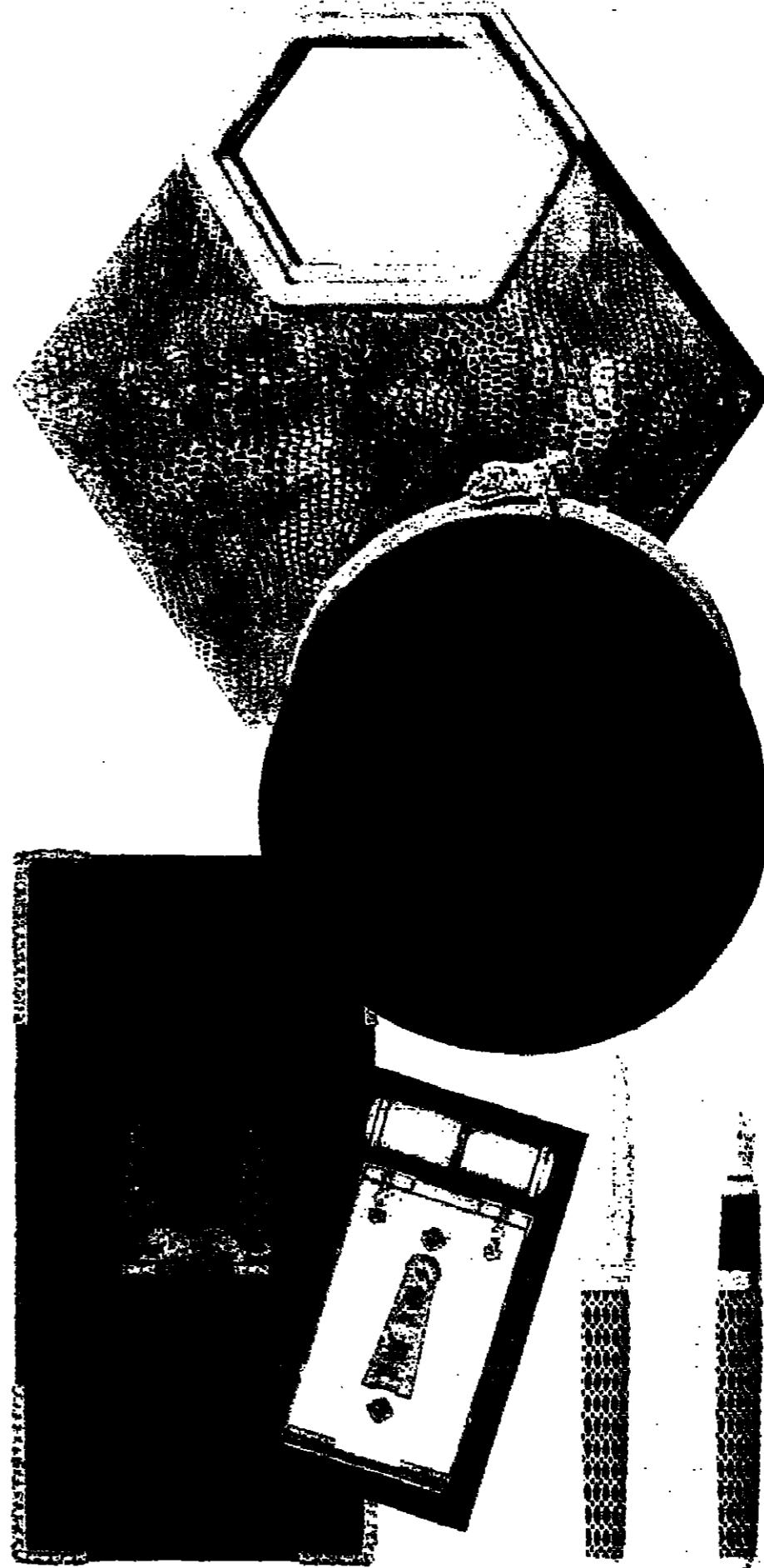
An option from Fourneaux de France is the Lacanche side-by-side, under-counter style. This could be a useful option for those who don't want something that takes up too much vertical space and prefer it to spread horizontally. It has all the usual Lacanche features, from state-of-the-art circulation to humidity and temperature controls (no need to defrost). With a volume of 12 cu ft, height 890mm, width 1,310mm and depth 650mm, it costs £2,499 and is available from John Lewis stores. For the names of local stockists, contact Fourneaux de France, Unit 30, Albian Close, Poole, Dorset, tel: 01202-733011.

matters. And what matters chiefly is that it should be large. Not only should it be large but it should stand



proud and alone, not skilfully hidden away behind false panels, masquerading as just another cabinet.

If see-through or simple stainless steel is a little tame for your tastes, then consider Ariston's fridge/freezers with a choice of 10 different boldly coloured designs on the front. Choose from coloured balloons, a steam train, the Eiffel Tower, a giant strawberry, bunches of lemons or an alarm clock. Shown here is the Manhattan skyline on the ERF 402D fridge/freezer: capacity 255 and 125 litres respectively, with reversible doors. It is 200cm high by 60cm wide and costs £750. For stockists telephone Merloni Domestic Appliances on 01895-8856200.



Top, evening bags from the new limited edition collection - hexagonal Art Deco style in gold board, £1,350, and black silk with jewelled Panthere clasp, £30,000. Bottom, two vanity cases from Cartier's archive collection. Bottom right, one of 15 new 18-carat gold and black lacquer fountain pens, £7,500.

MOTORING



Road Rage Don't try driving under the influence of anger

Kerry MacKenzie tells how therapy is all the rage in the struggle to get off the highway from hell in one piece

Had US therapist Arnold Nerenberg encountered those senior British police officers who, in the early 1990s, dismissed road rage as an American phenomenon, he may well have diagnosed them to be "in denial".

But then Nerenberg takes more of an interest than most in the business of road rage. From his practice in Whittier, southern California, land of the freeway from hell, he specialises in the latest offering from the US psychologist's couch, road rage therapy.

He has developed a 10-point programme for people who fear their hot temper behind the wheel will land them in trouble, and has set up a dedicated hotline for "talking down" enraged drivers on the verge of assaulting a fellow motorist. For the overly agitated, he will hop into the back seat to offer what he calls "ride-along therapy". Sometimes,

just to ram the message home, the destination will be the local mortuary.

As he perches in the passenger seat looking over the shoulder of his "students", as he calls them, the soft-spoken Nerenberg steers them towards the attitude he feels they need to adopt to avoid highway warfare. "Half the battle is recognising they have a problem; in road rage therapy, I teach them alternative reactions," he explains. "I tell them they don't want to drive under the influence of alcohol or anger and remind them that they, too, make mistakes, that other people have feelings, and that we should not humiliate them with unnecessary horn-blowing or angry gestures. We would not want it done to us."

Several years ago, newspapers reported an incident involving a New Yorker whose vehicle ground nastily to a halt on the way to an important meeting. Furious, the man jumped out,

grabbed a gun from the boot and shot his car.

Today, says Nerenberg, it's the person who tailgates or whose expression or gesture is misinterpreted who is more likely to be the target of an upset motorist: the number of incidents in which one angry driver attacks another has risen in the US by 51 per cent since 1990.

Accordingly, Nerenberg warns against making eye contact with other drivers. Since the day he was pursued by an incensed road user who took his apologetic wave to be an obscene gesture (he finally escaped by running a red light), he also cautions against any hand sign until the Department of Motor Vehicles gives its seal of approval. He likes the idea of a hand on the forehead.

"Being in a closed space creates a predisposition in most people to respond negatively," said Nerenberg, when asked what it is about a car that brings out

the beast in us. "The Sunday drive concept is pretty rare nowadays."

"And," he adds darkly, "deep within the human psyche is an urge to attack an anonymous other. You might be angry with your boss, your kids, your spouse, but you know you can't release it on Joe, because you know Joe and he's a nice guy. So you give vent on a stranger."

These days, along with guns and knives, anything from a baseball bat to a golf club to eggs is brought into service as a weapon on US roads. One elderly driver's missile turned out to be a prescription bottle. A road rager in Boston shot another with a crossbow produced from the boot of his car. And fast food took on a whole new meaning when yet another aggravated road-user lobbed a burrito in the direction of his intended victim.

Nerenberg is a vigorous campaigner to have reclassified driving with a loaded firearm in the

car as a criminal offence, instead of its status of misdemeanour. He would like all forms of road rage, including screaming and honking the horn, to be made illegal. And he wants road rage itself, which he describes as a "pathological condition", to be recognised as a medical disorder.

He disagrees that road ragers are simply the same people who start or jump into bar brawls and football fights, and identifies two types: "One has a rage problem. They're pretty hard to cure. Then you have real honest-to-God road ragers, people who are as sweet and as nice can be in social situations. The other side comes out when they're behind the wheel."

He declares his studies, involving 200 respondents - admittedly he agrees, a small number - show 55 per cent of people to have road rage. He would like to see the issue addressed in schools. "People have to be aware of just how dangerous and how much of a contagious disease it

is. A lot of my contribution in doing this will be to prevent other people from becoming road ragers."

In common with many successful entrepreneurs, Nerenberg, 35, a practising psychologist of 25 years, fell into road rage therapy by accident when he treated a couple whose marriage was going in the wrong direction because the husband turned into a monster behind the wheel. Other clients, he discovered, had a similar problem.

His sideline grew and Nerenberg produced *Overcoming Road Rage*: The 10-step compassion program, a pocket-sized pamphlet that practically begs to be the butt of only-in-America jokes.

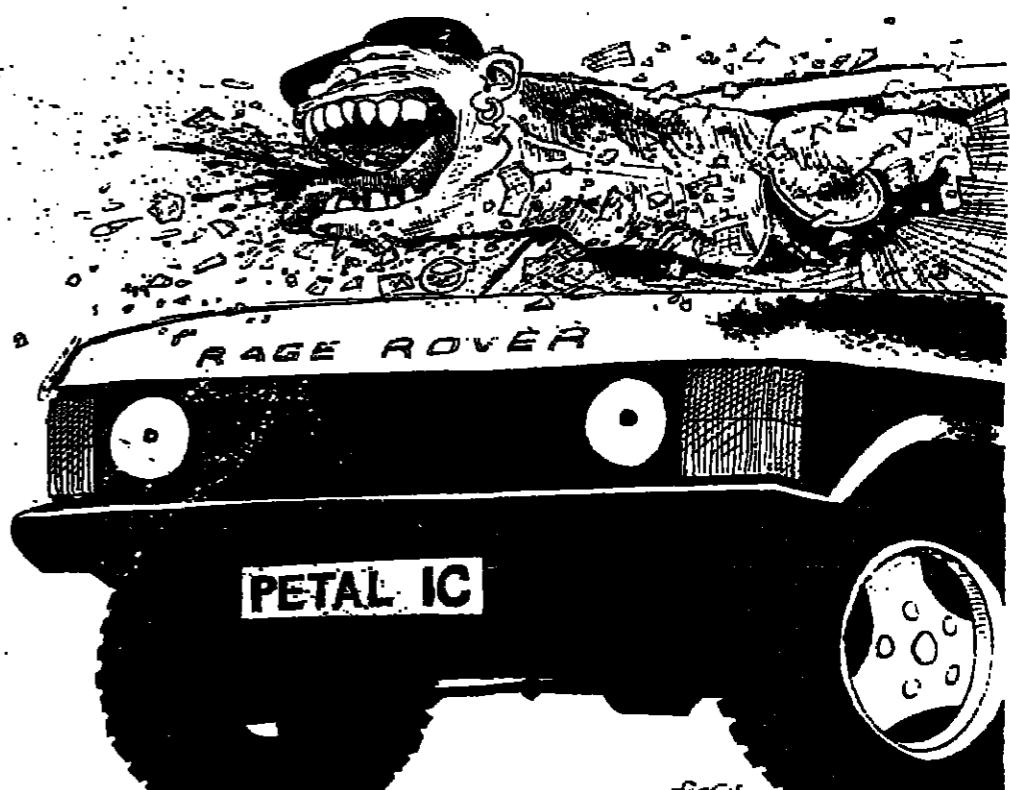
Bumper stickers followed, and a flurry of press releases issued by his publicist duly secured him the title of "America's road rage therapist" in the US press, with Newsweek magazine last month bestowing the ultimate accolade: "Leading practitioner in the road

rage therapeutic movement."

He disagrees that his latest line of work is just another West Coast fad. "The idea of this therapy, with people receiving help - it's a drop in the bucket. Road rage is an international problem," he argues, reasonably. And, as he is quick to point out, it's hardly new. While the number of incidents reported were fewer in the past, the consequences, according to both history and legend, were often as dire.

In 1822, while travelling in Italy, Lord Byron and his party got into a scuffle with, and later nearly killed, a sergeant major on horseback who cut them up as he galloped to roll call.

And it was on a narrow pass between Delphi and Daulis, with room for only one carriage, that Oedipus encountered the stranger that he didn't know was his natural father. A skirmish ensued over who should give way. And we all know what happened after that.



The new A-Class. Never mind the odd looks - at heart it is a real Mercedes-Benz

Road Test

Welcome to the latest immortal

Stuart Marshall believes the Mercedes-Benz A-Class is a world mould-breaker

To get an idea just how radical the Mercedes-Benz A-Class is, try to imagine Rolls-Royce producing an Escort-sized hatchback, or Jaguar an open two-seater the size of an MGF?

There has never been a Mercedes-Benz remotely like the A-Class. For a start, it has front-wheel drive, is only 8.57 m (just under 12ft) long and has the one box, sit-up-and-be-gone styling usually associated with town car concepts that never got into production.

When I first saw it and sat in it at the Geneva salon de l'automobile last spring, I wondered what on earth Mercedes-Benz was doing. I listened to all the talk about the need for a new kind of vehicle that would be eco-friendly enough to please the greens, sufficiently small to relieve pressure on urban road space and priced so family motorists could afford

one. When Mercedes-Benz said it would be all of these things and perform like one of its proper motor cars, I had my doubts. Would it really be worthy of the three-pointed star?

My first drive last week was a revelation. The little car has clearly been built to traditional Mercedes-Benz bomb-proof quality standards. It was as nippy and nimble as any small, power-steered runabout in town.

Amazingly, it sustained 100mph (161kph) on an auto-hatch with minimal noise, absolutely no feeling of stress and some power in hand.

Gearing is quite tall at about 25mph/40kph per 1,000rpm. On winding, hilly roads, it cornered and handled as capably as any of its far less lofty rivals. And the head, leg, hip and elbow room in the front and rear seats was what one would expect of a medium/large family saloon. It has the same interior volume as a Mercedes-Benz C-Class.

For inspired, mould-breaking design, the A-Class stands alongside such immortals as the Ford Model T, Citroën traction avant, Willys Jeep, VW Beetle and BMC Mini.

You step up into the driving seat and the view through the screen is typical of multi-purpose vehicles; all you can see are the parked wiper blades. Two of the five A-Class cars I tried had

optional semi-automatic transmission, like that of the Saab 900 Sennior or Renault Clio Zoom. It uses the standard 5-speed manual box with an automatic clutch, which takes up the drive smoothly and progressively and disengages momentarily for shifting gear.

It seems a good compromise as it will be cheaper than the 5-speed fully automatic transmission (not available until next year) but makes driving in dense traffic almost as relaxed.

No car has made a bigger impression on me this year

nor does it affect fuel economy.

Early A-Class buyers will have a choice of two petrol engines, 1.4-litre, 82 horsepower and 1.6-litre, 102 horsepower. Two direct injection 1,688 cc turbo-diesels, one producing 80 horsepower, the other 90 horsepower, will follow in 1998. The less potent A-160 turbodiesel is to meet tax requirements in some markets. Most countries, Britain included, will get only the more powerful A-170. Semi-

automatic and fully automatic transmissions will be available with the turbo-diesel engines.

In run-of-the-mill driving, the two petrol engines felt pretty much the same, though I thought the 1.6-litre even slicker than the 1.4-litre. However hard one pushed it, it just whirred softly. The 90 horsepower diesel muttered softly when idling and was noisier than the petrol engines only when accelerating hard.

As it produces 20 per cent more torque (pulling power) than the larger of the two petrol engines at far lower revolutions, overtaking in fourth and fifth gears is rapid. Average fuel consumption ranges from 40.9 mpg (6.3 l/100km) for the A-160 to 60 mpg (4.7 l/100km) for the A-160 turbo-diesel.

Because their exhaust emissions are so clean - up to 40 per cent below the relevant EU limits - the turbo-diesels will benefit from tax concessions in Germany.

As a 4/5 seater, there is a reasonable amount of luggage space. The load floor can be extended by pushing the rear seat slightly forward. If you really need a huge amount of space, the back seats - and even the front passenger seat - come right out.

Mercedes-Benz reckons 80 per cent of the 200,000 A-Class it will make each year will be bought by people who now own cars

like Ford Escorts, Opel Astras and VW Golfs. It doubts many will buy a top spec automatic, air conditioned A-Class instead of a basic C-Class, even though the prices might seem uncomfortable close.

The A-Class arrives in Britain next year. Prices of the 16,000 Mercedes-Benz UK expects to sell will start at between £13,500 and £24,000. On mainland Europe, an entry model is likely to cost little more than £20,000 - but that is with sterling riding high. If the pound remains at this level next year, Mercedes-Benz UK will probably add more goodies as standard, not trim the price.

In Belgium, where sales start in October, the basic A-140 in Classic trim will cost BF758,000 (£9,000). The A 160 BF760,000. The Classic A-170 turbo-diesel - available from March '98 - will cost BF760,000 while elegant or avant-garde trims add BF757,350. Semi-automatic transmission will cost Belgian BF22,038, fully automatic BF76,071 and air conditioning BF750,977.

Assuming it is eligible, it is a foregone conclusion that the A-Class will win the 1998 European Car of the Year contest by a distance. No car has made a bigger impression on me this year. Like the Renault Megane Scenic, it will be a future classic.

The Japanese are very hooked into originality and the importer pays the Japanese arrangement fees, so the arrangement has suited us well," said Brading.

The rest of the cars Brading has produced over the past 12 years have been remanufactured versions, using engines, gearboxes and back axles, and sometimes the front suspension from original models. They have gone mainly to the UK and German markets.

The new Frogeye Supersprite will do 0-60 in eight seconds and has a top speed of 120 mph. It has a glass fibre body, which is light and

Sports Cars

The Frogeye reincarnate

Remember the old Sprite? Clive Fewins is glad to see a new and better version back on the roads

One of the most popular sports cars from the late 1950s is to make a comeback this summer. The Austin Healey Sprite, known affectionately in the classic car world as the "Frogeye", is to return to Britain's roads, albeit in a new and more powerful form.

With a new name and a new engine, but almost identical exterior to its illustrious predecessor, the Frogeye Supersprite conforms to all the latest UK emission and safety requirements.

The return has been possible because of a change in the British law on "type approval" licences. From July 1, for the first time, individual cars can be tested by the Department of Transport for a fee of £200.

Previously, only approvals for a blanket licence for mass market models were available. This could cost as much as £150,000 - a prohibitive figure for small companies such as The Frogeye Car Company.

Frogeye, with a staff of three and based a tiny backstreet factory in Ryde, Isle of Wight, has produced 54 vehicles since it was founded by Keith Brading in 1985 as a specialist restorer of original Sprites.

Between 1958 and 1961, nearly 50,000 of the original Austin Healey Sprites were produced at Longbridge, Birmingham. When the car was redesigned in 1962 to meet the demands of the US market, it lost its characteristic "frog eyes" - the protruding front headlights.

Brading and his team incorporated the headlights and the oval grill that gave the car its appeal in the 25 completely new cars they have made for the Japanese market, where they have been selling for £25,000.

The company has already received two orders for the Frogeye Supersprite, with its new engine, from Germany and the UK.

"Neither customer has ever driven the car, so we regard this as a big boost for our reputation," said Brading.

The Frogeye Supersprite will provide a superior ride and much improved road holding to that of its famous predecessor, known in the classic car world for its bumpy ride and rather crude engineering. The new model also has a vastly improved performance over that of the Sprite. "The new power unit has a bhp of 103, as opposed to 43 in the original," said Brading.

The Frogeye Supersprite will do 0-60 in eight seconds and has a top speed of 120 mph. It has a glass fibre body, which is light and

should avoid all the corrosion problems associated with the early versions of the car.

"People today expect better performance and greater comfort and this is what we are providing. The new model will also be capable of 40 mpg," said Brading.

"I regard it less of a replica than a reincarnation. It has the authentic look and charisma of its much-loved predecessor and we think it will satisfy the nostalgia market as well as appealing to classic car enthusiasts."

The company also has plans to sell the car, the basic version of which costs £14,950, to the hire car market in resorts along the Mediterranean coast.

■ Frogeye Car Company, 12 East Street, Ryde, Isle of Wight PO33 1JP. Tel: 01983 616616.

Paying over £300 for motor insurance?

It's time you had the Privilege.

Call now. You could save pounds.

privilege

INSURANCE

Based in The Royal Bank of Scotland plc.

0113 292 5555

To advertise on this page please contact

Paul Meakins
Tel: +44 171 873 3218
Fax: +44 171 873 3098

FOOD AND DRINK

Wine Chile tempts with rich, spicy surprises

Jancis Robinson picks the best from an abundance of bargains

One of the most surprising phenomena in today's wine market is that so much excellent-value wine is still being shipped from Valparaiso to Britain, despite the extent to which Chilean bodegas have recently been plundered by the booming American wine market, and by Californian bottlers anxious to fill the gap left by phylloxera's predictions in northern California vineyards.

American importers have pounced with particular enthusiasm on any available Merlot and Chardonnay, for these are the current icons of the average American wine consumer. As well as cutting back on the proportion of Merlot shipped to Britain, this seems to have slowed what was, year or two back, a remarkable quality increase in Chilean white wine.

Cookery Sexual politics of the vegetable world

Philippa Davenport on the fresh, fragile maleness of a traditional Sardinian recipe



Window shopping takes on real meaning in Sarsari. This ancient university town and provincial capital of northern Sardinia boasts a lively market with two covered halls and a large open courtyard, around which are butchers' stalls, others sell smalls (a local speciality) and dairy produce.

One hall is dedicated to fruits, vegetables and herbs; the other is awash with fish, including nurseryloads of young crabs.

Some of the greatest enticements, however, are to be found in the narrow

streets that network the old quarter, around the cathedral and university.

Only pedestrians, scooters and small cars can penetrate these alleys easily. My good friend Pietro Trentini negotiates them at a stately snail's pace – not that he is a nervous driver, but for gastronomic pleasure.

As for Sauvignon Blanc, relative value from Chile and New Zealand seems to have come more into line

now that NZ has a little more wine to sell. Sacred Hill's lively, limey Whitecliff Sauvignon Blanc 1996 from Hawke's Bay in the north island is a particularly good NZ buy at £6.99 from Majestic. (The price rises to £7.99 next month.)

Chile's strongest suit, without a doubt, is value for bordeaux-ish red, even if post-American invasion, it may now have to be fleshed out with a bit of inexpensive Malbec. Just £3.49 will buy the perfectly respectable Rowan Brook Cabernet/

Malbec 1996 at Asda or the juicy Concha y Toro Merlot/Malbec 1996 from Victoria Wine.

Oddbins can offer two laughably approachable 1996 Cabernets from Rapel (arriving any moment) and Luis Felipe Edwards Pupilla from Colchagua. They should probably be drunk young but are much more charming than one would expect at the price.

The Valdivieso winery is producing stunning value at the moment, most notably a

Cabernet which is rather more substantial than the two above, £3.99 at Victoria Wine and £4.29 at Sainsbury's. California has been a benign influence on this winery, in the form of wine-maker Paul Hobbs, who has wrought such magic for Nicolas Catena's wine empire across the Andes in Argentina.

Valdivieso's new Caballo Loco bottling has its fans, and is certainly impressive for a Chilean red, but in the wide world of wine there are probably better,

and certainly less oaky, ways to spend £9.95 (Wine Rack and Bibendum of London NW1).

Isla Negra is another reliable label, and another inspiring source of 1996 Cabernet Sauvignon, in this case from Rapel via Waitrose at £4.35. This wine has a lovely balance of weight and acidity with nothing obstructing except a few gentle tannins to stop perceptive consumers from drinking the lot immediately.

Concha y Toro, the giant company of which Cono Sur is a sort of diffusion label, continues to deliver some impressive bargains under its own name. A fiver will secure either of a pair of particularly fruity, beguiling reds: Casillero del Diablo 1995 Malpo Cabernet at Sainsbury's, Victoria Wine,

how managed to hide a small consignment of 1996 Chimbarongo Merlot from predatory Californians and has sold it cheaply enough for Victoria Wine to charge only £4.49 for it.

Concha y Toro, the giant company of which Cono Sur is a sort of diffusion label, continues to deliver some impressive bargains under its own name. A fiver will secure either of a pair of particularly fruity, beguiling reds: Casillero del Diablo 1995 Malpo Cabernet at Sainsbury's, Victoria Wine,

and certainly less oaky, ways to spend £9.95 (Wine Rack and Bibendum of London NW1).

Isla Negra is another reliable label, and another inspiring source of 1996 Cabernet Sauvignon, in this case from Rapel via Waitrose at £4.35. This wine has a lovely balance of weight and acidity with nothing obstructing except a few gentle tannins to stop perceptive consumers from drinking the lot immediately.

Concha y Toro, the giant company of which Cono Sur is a sort of diffusion label, continues to deliver some impressive bargains under its own name. A fiver will secure either of a pair of particularly fruity, beguiling reds: Casillero del Diablo 1995 Malpo Cabernet at Sainsbury's, Victoria Wine,

stand for 5 mins. Then fold in the tomatoes, check seasoning, cover and leave to stand for a few minutes more. Serve sprinkled with a little chopped parsley.

Best of all, however, are two stunning Don Maximiano Reserve bottlings. The 1995 Aconcagua Cabernet (much more impressive than the 1993 on sale at Victoria Wine) is £7.99 and expected at Oddbins in September, while the Merlot 1996 is listed at £9.99.

Both were made by New Zealander Brian Bicknell and finished by new wine-maker Ed Flaherty, by Cono Sur out of Washington's, Victoria Wine,

FINE & RARE WINES LIMITED
Post Mail Deposit
124-128 Barby Road
North Kensington
London W10 6L

1996 EN PRIMEUR
IMPORTANT PRICES INCLUDE
SHIPMENT TO OUR LONDON BOND

	£ PER 12 BOTTLES
Balestrand St. Emilion Grd Cru Classe	£149
Balestrand Haut Brion	£110
Balestrand Pomerol	£105
Balestrand St. Emilion Grd Cru	£121
Balestrand Haut Medoc	£84
Bergerac St. Emilion Grd Cru	£113
Bergerac Haut Medoc	£81
Bermeaucie-Ducru	£176
Calon Segur	£210
Canon	£339
Canterbury	£118
Cap de Mouriès St. Emilion Grd Cru Classe	£131
Carmes de Latour	£150
Clos L'Eglise	£136
Clos des Marquis	£125
Clos Chaponost Lezende de Pomerol	£180
Dessous de Chevalier	£193
Dufort Vivens	£124
de Terre	£105
Fontenil Puisse	£69
Fronsac Maynes	£118
Gloria	£136
Graves Puisse St. Emilion Grd Cru Classe	£139
Graves Maynes St. Emilion Grd Cru Classe	£247
Grand Larose	£25
Haut Brion Haut Medoc	£110
Langoa-Bastor Zedre Margaux	£240
la Consopade St. Emilion Grd Cru	£167
Lafon Rochet	£84
Lanresson	£129
Larose Dusseac St. Emilion Grd Cru Classe	£165
Lambrusco St. Emilion Grd Cru Classe	£248
Lantour St. Bonnet Medoc	£248
Le Bon St Estephe	£75
Les Cunes Haut Brion	£25
Lynch Bages	£229
Lynch Moussas	£123
Magdelaine	£225
Margaux de Tonneau Margaux	£131
Mascalioue Moulis	£288
Montrose Margaux	£180
Montlhery St. Georges St. Emilion Grd Cru	£138
Poujeaux Moulis	£217
Pavillon Rouge de Ch Margaux	£320
Pichon Baron	£103
Potelle	£200
Rol Valette St. Emilion Grd Cru	£175
Socigno Malle	£180
Talbot	£66
Trompoy Lalande St. Estephe	£280
Tropique Mondot	£283
Virginie de Valandraud	£283
1st GROWTHS & 'SUPER-WINES' ALL PRICES F.O.A.	
AUSONE LAFTÉ MOUTON ROTHSCHILD	
COS D'ESTOURNEL LA FLEUR DU BÂGAY PECHAVAN LALANDE	
DUCHU BEAUCAILLOU LAURENT MONTSANT	
HAUT BRION MÉDIEUX CLINET GRAND FUJY LACOSTE	
LA MONDOTE MARGAUX GRÈVE ROTHEBOUF	
L'ANGELUS MONSOUQUET VALANGAUD	

FULL LIVE UPDATE ON

www.fine-wines.co.uk

Tel: +44 (0) 181 960 1995

Fax: +44 (0) 181 960 1911

e-mail: petrus@virgin.net

Restaurants Eating with Hockney

Nicholas Lander satisfies his appetite for fine food and art at Salts Mill



Salts Diner

Hockney sketched the logo for The Diner

than 300 Hockney paintings, lithographs and collages, with more arriving every month.

The Diner sits somewhat incongruously between a furniture showroom and The Home, an upmarket shop run by Jonathan's brother Robin. But so imposing and evocative is the industrial architecture that within the Diner there is no feeling of being cramped.

The original flagstone floors are intact, as are the large windows which flood the restaurant with natural light. The high ceiling is supported by cast-iron pillars, painted white and blue, and there are tall plants everywhere. The free-standing bar, pizza oven, walk-in fridges and cooking area form a large L in front of the windows, leaving the main area free for large round tables and space for children to run around.

It was a 12-year-old in our party who succinctly summed up the menu. "It has everything on it that I love to eat – now I can't make my mind up what to order." The pizza oven pro-

duces five different types; there are half-a-dozen pasta dishes; and the traditional diner dishes such as a Salt burger or pastrami and salt beef on rye.

More distinctive are the north of England specialities such as North Yorkshire smoked chicken salad; croque monsieur made with home-roasted Cumbrian ham; and a grilled Cumberland sausage with pickled cabbage and mashed potato that the menu prudently describes as "very filling".

Desserts come on another Hockney card and include trencherman's servings of bread and butter and sticky toffee puddings, four different cakes, including traditional carrot cake with

cream cheese and a 2lb tall

The Diner is not

licensed but operates a friendly policy.

The Diner has to fulfil

three criteria for Silver.

"The food has to be good, the

service quick and we have to offer great value for money," he explains. "If you try and charge more than £4.99 for a main course around here, you enter dangerous territory."

Our meal met all these criteria, a credit to chef Jonathan Greenwood.

■ **The Diner, Salts Mill, Victoria Road, Saltaire, Shipley, West Yorkshire BD18 3LB.**

Tel: 01274-531163. Open seven days 10am to 6pm, £10-£12 for three courses.

We still have available many of the top wines at competitive prices.

We offer Reliability,

Expertise and Security.

We also buy and sell cases of fine wines.

Magnus Fine Wines PLC

200 Victoria Road, London SW1V 5LG

Tel: 0171 859 5753

Fax: 0171 321 0846

No-one in the UK sold more en primeur 1995.

We shall have the best allocations of 1996.

Contact the proven market leaders.

Phone or fax for our offer.

Tel: 0171 822 2000

Fax: 0171 822 2020

FARR VINTNERS

CLARETS

VINTAGE PORTS WANTED

We will pay auction hammer prices.

Please ring JIMMIE DALE

Contact Patrick Wilkinson

WILKINSON VINTNERS LTD

Fine Wine Merchants,

Tel: 0171 272 1882

Fax: 0171 265 2643



Fullers and Thresher in September and the gentle Explorer Casablanca Pinot Noir 1996 at Fullers in limited quantities.

Indeed, there is a plethora of Chilean bargains at £4.99, such as Thierry Villard's well-structured Palmers Estate oaked Cabernet from Safeway, Casa Porta's Oaked Genesis Vineyard Cabernet, also from Safeway, and Casa Porta's aromatic, particularly convincing Cabernet Sauvignon 1996 from Oddbins.

Luis Felipe Edwards Reserva (£5.99 Majestic, £6.99 Tesco) offers a rare chance to taste a Chilean antique, a 1994, that is well-mannered if not obviously worth £2 more than the wines above.

Much more stunning, and definitely worth £9.99 from Safeway, is Casa Lapostolle's 1994 Cuvee Alexandre Merlot, made with the sumptuous ripe hand of Michel Rolland of Pomerol.

Oddbins' Chilean cherry-picking has always been commendable and this is particularly evident in their selection of reds from £7 to £10. La Palma Reserve Merlot Rapel 1996 is commendably dense for £8.99 and due in the UK any day, while for £1 more Vina Santa Isabel's 1996 Cabernet Sauvignon proves that Casablanca is not too cool to ripen Bordeaux's most famous grape, even if this is a slightly New Zealand, minty style to keep rather than drink.

Best of all, however, are two stunning Don Maximiano Reserve bottlings. The 1995 Aconcagua Cabernet (much more impressive than the 1993 on sale at Victoria Wine) is £7.99 and expected at Oddbins in September, while the Merlot 1996 is listed at £9.99.

Both were made by New Zealander Brian Bicknell and finished by new wine-maker Ed Flaherty, by Cono Sur out of Washington's, Victoria Wine, fruit wines.

stand for 5 mins. Then fold in the tomatoes, check seasoning

PROPERTY / OUTDOORS

London's most popular residential neighbourhood evolved as a result of the Great Exhibition of 1851. Up to then, Kensington was a mix of market gardens and occasional villas. The exhibition transformed it into the home of London's great museums and some of the city's smartest residents.

The handsome stucco terraces, crescents and squares of Queen's Gate, Onslow Gardens and The Boltons were built in its wake. Kensington never looked back. Is it possible that the Millennium Exhibition in 2000 can do the same for Greenwich?

So far, all eyes in Greenwich have been focused on Richard Rogers' spaceship dome which will house the Millennium Experience. Now that the government has thrown its weight behind the project, the transport system and services necessary to handle the project's expected 12m visitors are under urgent construction.

The government's one stipulation is that the project must have a long-term use. While arguments are waged over the merits of a convention centre, theme park or sports arena, the rest of the peninsula is planning its own long-term future.

Earlier this month a development competition was launched to create Britain's first proper urban village in Greenwich. The best of Britain's housebuilding, environmental and technical expertise is being asked to produce a community of nearly 1,000 homes, with cafés, pubs, shops, a school and a health centre.

The Millennium Village is part of a masterplan for the mile-long peninsula which culminates in the exhibition dome. The plan is a concerted attempt to avoid the piecemeal, ragbag development style of its Docklands neighbours - the Isle of Dogs and Surrey Quays.

English Partnerships, which owns the Greenwich site, along with its development and residential consultants, is determined to create a sense of place. It wants a proper streetscape, with roads which lead somewhere and link areas together; a riverside which presents a coherent, urban face to the water. It wants to build a place where people can work, rest and play within their own neighbourhood with the lowest possible reliance on the car.

A mix of private and social housing is planned, rather than the present fashion for ghettos. There will be houses with private outdoor space, as well as flats with communal gardens. There will be the architectural freedom



A computer depiction of the Millennium Dome superimposed on Greenwich peninsula



Source: English Partnerships Urban Design

The millennium Utopia

Anne Spackman sees South Kensington as a model for the Greenwich masterplan

to build lofts or traditional terraces, in glass or in brick, but not to build rows of suburban boxes. The model for this modern Utopia? Kensington.

English Partnerships has turned to London's other exhibition-influenced neighbourhood for inspiration. The idea is not to copy Kensington's architecture, but to learn from its street layouts, building heights and density levels. The result is a strong grid-like pattern of roads, rather than the ribbon and cul-de-sac developments of the 1970s and 1980s housing estates.

Savills, English Partnerships' residential consultant, has come up with a model for this modern Utopia? Kensington.

It has two big disadvantages when compared to Kensington 150 years ago. First, instead of trees, hills and market gardens, Greenwich peninsula is a barren brown, former gasworks site.

ing of this holistic philosophy and their ability to deliver it, rather than to submit designs.

The centre of the residential area features a green "lung" running down the peninsula into a 50 acre riverside park, which is the central feature of the Millennium Village. Some of the most prestigious and expensive housing is likely to be set in and around the park. Names being mentioned as potential participants in a development consortium include Berkeley Homes, the housebuilder, and Northacre, whose developments have set new price levels in areas such as Kensington.

Will this ambitious scheme work?

Without the work being undertaken to decontaminate the site, it would not be financially viable for housebuilding. Future residents and their surveyors will need to be convinced that the site has been properly cleaned up. If there is a suspicion of contamination in the parks or gardens, the scheme will be ruined.

Second, Greenwich is not in the heart of London, bordering top-of-the-range Belgravia. It lies between the emerging Docklands zone of Canary Wharf and the old town of Greenwich.

Greenwich's greatest handicap in the past has been its lack of good transport - particularly the absence of an underground rail connection. The new Jubilee Line station just south of the dome will solve part of that problem.

But a lot depends on that one station. Unless some form of guided bus or similar transit system is built along the peninsula,

the tube station is likely to become a honeypot for car drivers across the area.

On the positive side, the old town of Greenwich and its neighbour Blackheath are popular places for London families to live. If the Millennium Village wants to attract some of those families on to the peninsula, there is no better magnet than a good school. English Partnerships might consider talking to the private sector, which is totally unrepresented in this part of London. The new schemes planned for Canary Wharf on the Isle of Dogs could deliver some potential extra pupils.

The Millennium Village also has the advantage of good timing. Just five years ago such a scheme would have been inconceivable. Now the capital is enjoying price rises of up to 20 per cent a year and there are few good homes on the market.

suggestions. Celebration, the Disney residential development in Florida, is about as close as anything gets.

The reason is that urban villages are difficult to do well. They have to reconcile conflicting interests: the desires of wealthy home-buyers and the need for social housing, the urge to drive and the need to reduce traffic levels.

English Partnerships is about to appoint its key people on the project. Getting those appointments right will be crucial to maintaining the balance between the urban village ideal and commercial realities.

Professor Roy Porter, author of the acclaimed work *London: A Social History*, believes this is a tremendous opportunity. He says: "There is a vision that London is bursting at the seams, and yet here is this gigantic wasteland. I was born and brought up in that area and I didn't even know it existed."

"The Great Exhibition of 1851 made a permanent transformation of South Kensington. Similarly, in Greenwich, they are shaping a part of London for generations to come."

Gardening Keeping order on the border

Robin Lane Fox favours a surge of energy in late July if growth impetus is to be maintained

The roses are taking a breather and you are probably thinking likewise, looking forward to a break. My gardening life is a battle against breaks anywhere in the flowerbeds year. Whenever I go away, my aim is that the borders should not have gone quiet first.

The art of prolonging the show is essential to worthwhile gardening. It needs forethought, one small surge of energy before late July and a willingness to think beyond yet more bedding plants as emergency alternatives. It takes years for a border to evolve, but the most promising fact about my borders' evolution is that they do not lose their impetus by late July.

It is, I fear, more than a matter of choosing plants from a list. Many gardeners dodge the task, but they ought to roll up their sleeves and cut back thoroughly almost everything that's had its day by the end of June.

Hardy geraniums are ever more popular, but most make a miserable impression in late summer. Almost all of them are tidier and happier if they are cut right back to their main tufts of leaves at ground level after flowering. I first noticed this when one of our college's temporary gardeners celebrated the acquisition of a new rotary mower by running it over a long stretch of Geranium 'Kashmir White' in the front of a flowerbed adjoining the lawn.

Curiously, it responded with elegant vigour, throwing up neat, new growth after its unrequested addition to the mowing routine in early July. Those popular relations of Geranium Praetense or sylvaticum respond

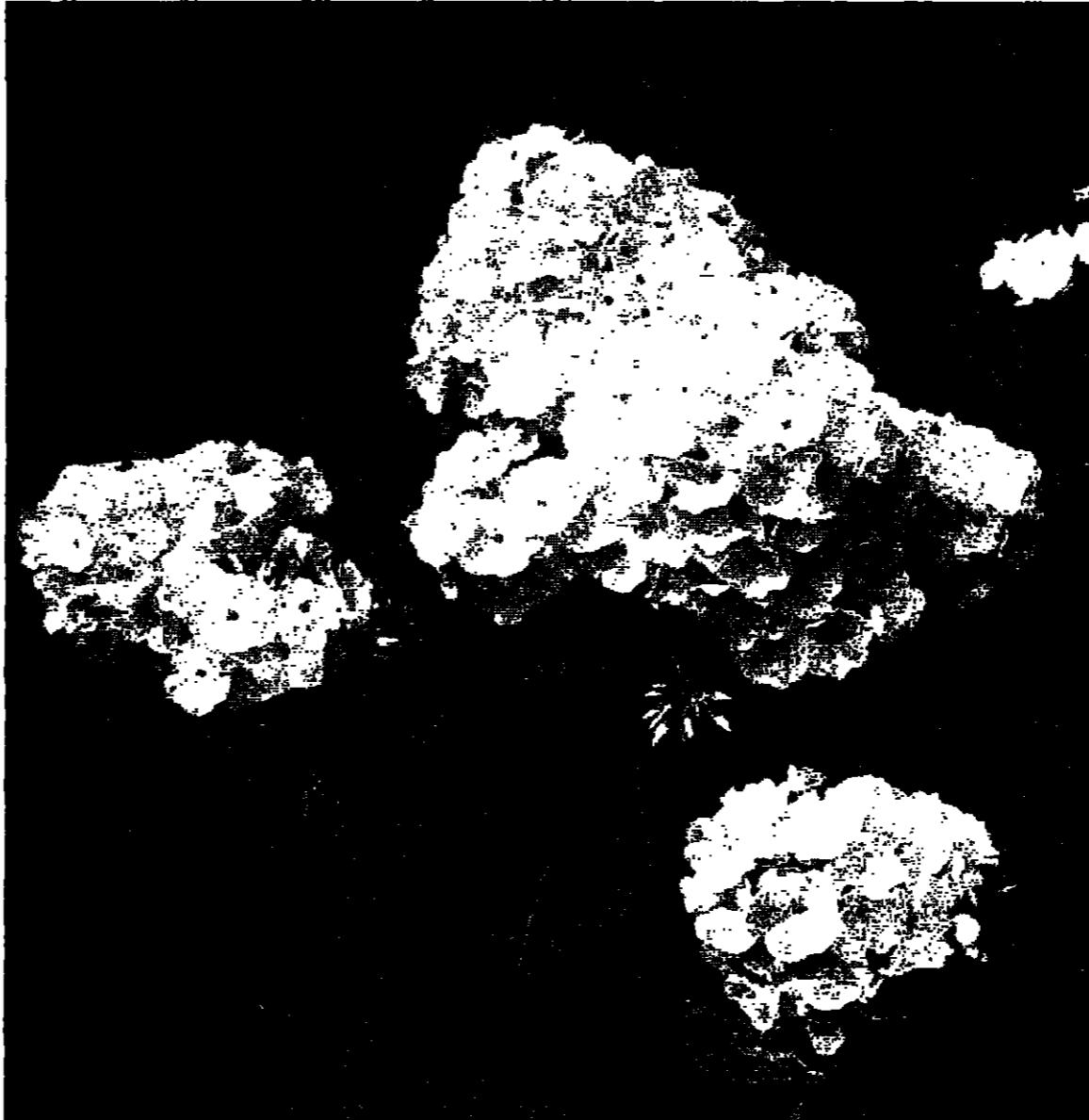
likewise. So do most forms of catmint, disappearing perennial poppies and the ever-present Alchemilla, which seeds itself atrociously if you do not cut it back in the next fortnight.

Begin, then, by levelling and cutting. Then, ask yourself how much of the border is still to come into its own before it is rescued by Michaelmas daisies. Life is quieter after the roses, but the conventional wisdom is that borders look better with every hotter colouring as the year advances. Perhaps they do, but I continue to like the contrast between strong yellows, reds and pure whites.

Much the best value in late summer are the forms of daisy-flowered Helianthemum, which flower twice if you deadhead them. Varieties have multiplied, as you can discover from the good catalogue of Four Seasons, Fornell St Mary, Norwich, but I remain loyal to the widespread Moerheim Beauty. It loves my dry, rather poor soil and covers itself with two or three flushes of wonderfully rich deep red-brown flowers. It looks brilliant beside a late white, perhaps the less rampant form of the florist's popular Achillea. Perry's White is the one to buy, a hard white which grows anywhere and can be controlled easily by digging off runners with a spade.

An alternative would be the August mainstays, the tall, white *Anemone Japonica* forms. Everybody comments on their eventual willingness to grow in shade, but we find that they will also spread in full sun in dry, light conditions.

Skyblue and clear-golden yellow are another pair which light up life. The yellows are easily found in the



Strong and contrasting: the famous White Admiral of the Phloxes is ever faithful in late summer

family Helianthus, of which Lemon Queen is the most vigorous and most pale and Capanoch Star the richest of the shades available. By accident, mine go well with a rather neglected type *Herbaceous Clematis* called *Heraclaea Davidiana* Wyevale. It makes quite a tough central stock and sends energetic green leaves before the stems of scented blue flowers appear in August.

It needs a year or two to settle in, but I find it very easy and obliging and relish the scent in late summer. If you want to block out a gap up to a height of 3ft, a group of this strong clematis is an excellent possibility. When frosts come, it dies away at once, to a miserable black, refuting those who believe that borders should be left

untidied until February so as to profit from the ghostly beauty of death and the softening outlines of frost. Wyevale looks hideous from late November onwards.

Of course, late summer is already focused on Phloxes. This year is the first one in five which has given them a fair chance by producing the rain which they love during their main growing season. Again, the famous white variety, White Admiral, is outstandingly strong and a wonderful contrast for the emerging strong colours of August. It never lets me down and I wish that breeders would make more use of it in their continuing attempts to improve and

alter the colours elsewhere in the family.

It looks excellent beside the taller forms of Crocosmia, especially the deep red Lucifer. All the colours among Crocosmias are enchanting and we are still coming to terms with the possible hardness of the more exotic forms on offer.

Meanwhile, I still give ample space to the tall, old dark red variety which most nurseries call *Curtisii*. Some of the experts rank it with Crocosmia, but such expertise is slow to spread and it would be a pity to miss this admirable plant for the back row of most borders. Its sheaves of long, green leaves are impressive and never hide the dark red flowers on their wiry stems. I notice

Fishing Unseen, save for the angels

Hugh Dickinson dreams of jewels in bleak waters

The two lochs below the lodge were famous in those days for their sea trout. Stuffed specimens of over 9lb lay lugubriously in glass cases in the gun room. While the rest of the party went off to shoot grouse, I flogged those famous waters for four days accompanied by Mr Mackay at the oars looking and sounding more lugubrious than any fish. We caught nothing and saw nothing except a Great Northern Diver.

On the fifth day the guns planned to go up to the mountain tops to shoot ptarmigan.

Looking at the map I saw a strange Y-shaped loch tucked right up in the heights between two peaks. No one had fished it in living memory but there was a rumour that it had been stocked with char. I said I would give it a try, to the amusement of my host.

We climbed for over two hours up incredibly steep tracks, plagued by midges until the sun broke through and the panorama of mountains, lochs, the coast and distant islands lay burnished far below us. I diverted from the party along a path which sidled along the mountain, round a shoulder to find the hidden loch. At the farther end, where the water edged into the mountain side, there was a 300ft cliff. I watched a peregrine slip away from some hidden eyrie.

The loch was unlike any other I had fished. It was far above the peat line so the water was as clear and still as glass and the strangest ice blue colour. Finding a small rocky promontory over a deep inlet I started to fish, knowing that I would catch nothing, but happy to be alone in such an awesome place.

Suddenly I felt cold.

Looking round I saw the

mist rolling down the hillside like a giant duvet. In three minutes the sun was gone and I was chilled to the bone. Then by some strange and the cliff the voices of my companions were all about me. They were at least two miles away but I could hear every word they said as if they were no more than 50 yards off in the fog. When they fired, their gunshots were like naval cannonades and I ducked instinctively.

I was so startled that I had entirely forgotten my fly far out on the loch. As I reeled it in a fish took it, and three minutes later I found myself gazing at a creature so

incredibly beautiful that I could hardly believe my eyes. In that austere landscape of khaki and grey this jewel was a miracle. It was brilliant blue and orange with a crimson streak and hints of emerald and gold. I've had the same sensation of revelation on finding a gentian below the snowline.

As tenuously as I could I extricated the hook and slipped my little miracle back into the icy water. It lay for a minute in my hand gasping. Then it vanished.

On my way back down the mountain I found a small lochan with a single water lily pad in the middle. Idly I cast a fly to land beside it. There was a huge splash and a beautiful brown trout came to the net, shortly followed by his brother, both one ounce under 2lb - positive monsters for these hill lochs. My companions were suitably impressed and grateful at supper. I didn't tell them about the char.

Lying awake on winter nights in the south of England I sometimes think of those swimming jewels in their bleak northern waters, unknown, unseen except perhaps by the angels. And I smile in the dark.

Residential property advertising can be found on pages XIV, XV, and XIX

PROPERTY

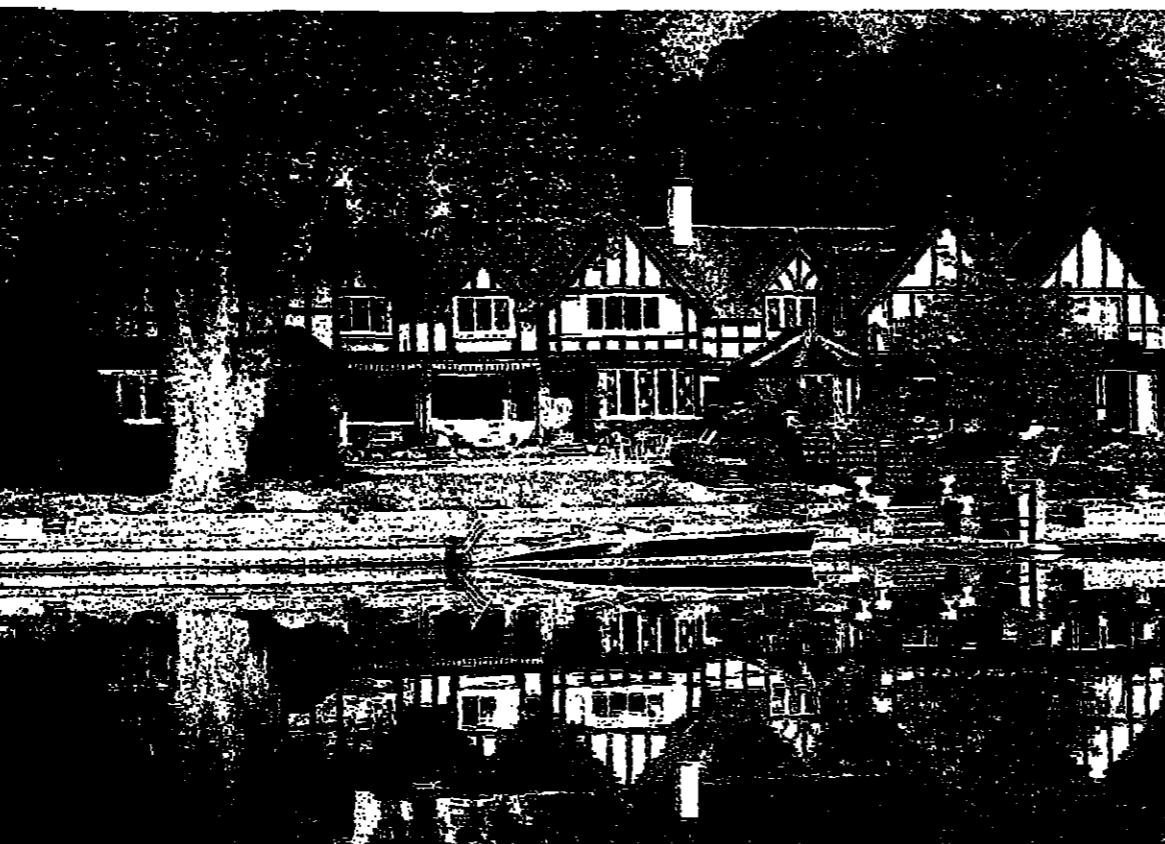
As Old Father Thames progresses through southern England with the lazy loops of a large snake, there is always a surprise round the corner. The ever-changing scenery and river life are pure delight. I returned to the Thames at Staines to catch a Salter's boat to Windsor, waiting with some senior citizens and a French family. It was 45 minutes late. It seemed the skipper had not bothered to leave Windsor punctually. But the river soon soothed my irritation, as Mary Stuart chugged up stream, oblivious of the aircraft from Heathrow.

As we passed under the M25, how restful it was on the water. Here was another life. Plenty would agree. On the tidal stretch from Teddington to the North Sea, the river is full of white plastic cruisers crewed by couples in their 50s or 60s, the man usually topless. Such machines ought to be out at sea. Here they look too big and powerful, but the canal boats - bright with brass, paint and flowers - suit the scale of the river, and occasional steam launches are a nostalgic treat.

The locks mark the stages of the voyage, emphasising how pointless it is to fret about time. The boats wait their turn. The water wells up when the lock keeper opens the sluice - electrically. One rises to find a new river, and glorious lock gardens of sweet peas, roses and Lobelia. Signs on the keeper's cottages record peak floods.

After the M25, we passed the flat meadows of Runnymede, home of liberty where King John signed the Magna Carta, gently brushing the ducks from our way. At Old Windsor Lock we entered a narrow channel - or cut - to reach an expanse of placid water beside the royal estates at Windsor. This year the Queen is growing sweet corn. On the hill above is her fairytale castle, to the right, elegant Eton chapel.

After lunch we left Windsor for Marlow on Salter's Mapledurham, again late. But cheering sights started at once. Windsor racecourse has a landing stage for punters coming by water, and the river is full of swans and ugly duckling cygnets.



The Minstrels at Bray: the middle section has a 75ft Thames river frontage

On the Thames A slow boat away from the fast track

Gerald Cadogan finds there is no messing about on this river

Past Boyney lock is green, wooded country. On the Thames, slow movement becomes an end in itself. From time to time we passed marinas, hotels and expensive riverbank houses, often in a semi-Swiss, half-timbered style marking the Edwardian expansion of Thames leisure.

Our next landmark was the solid tower of Bray church. Nearby are Michel Roux's Italianate villa and grand villas - Tudoresque, Spanish hacienda or Scandinavian functional - for people who can afford to eat at the local. After Maidenhead, wooded hills rose to our right, while to our left

were turn-of-the-century piles of red brick and green copper domes. Suddenly the pile to beat them all - Sir Charles Barry's Italianate Cliveden - appeared high on the hills through a clearing in the trees. I imagined its spectacular views down to the valley as we passed river cottages on the estate and its Victorian boat house, and looked up to a beehive that could have been in Rome.

In the water meadows in the evening sun Cookham lock was a dreamy surprise, quiet, surrounded by trees and away from houses. We ambled on to the pretty village of Cookham, famous for artist Stanley Spencer, and

Bourne End (convenient for Bourne End (convenient for the M40). The river then makes a large bend in the flood plain. A flock of geese rushed from the meadow into the water. On the bank stood a heron considering its supper, beside a No Fishing notice.

The premium for a prime property fronting on to the river, with a mooring, has risen to 50 per cent from 33 per cent two years ago, says Martin Chester of Hamptons (01832 485234). Houses for sale are few.

At Bray, he offers a house on the backwater behind Monkey Island for over £500,000, and the middle part of a mansion called The Min-

streets with a 75ft frontage on the main river for £560,000.

At Cookham a whole mansion with frontage and two acres costs £995,000 or pay £38,000 for a 37ft mooring, both through Andrew Millom (01528 522666) - or £160,000 for a mooring plus a houseboat and two garages at Bourne End (Hamptons).

Flats in a new development there run from £210,000 for two bedrooms to £415,000 for a three-bedroom duplex (Millom). Near Marlow John D Wood (01665 311522) or Savills (0171 499 8564).

Wright ON
Still in Surrey: Frank Lloyd Wright did not come

On the Move Just the job for the Gondoliers

Gerald Cadogan goes all Gilbert and Sullivan

Downriver from Staines, a 1.5 acre island in the Thames is for sale at Weybridge in Surrey. D'Oyly Carte Island belonged to Sir Richard D'Oyly Carte of the Savoy hotel and the Savoy opera company - famous for Gilbert and Sullivan, who rehearsed here. The island's large house needs restoration. Access is by a footbridge or by boat - a gondola maybe? Price from Curchods (01872 462000) or Harrods Estates (0171 225 6505) is £2m.



A jaunty seaside feel: St Ann's Court in Chertsey built in 1936

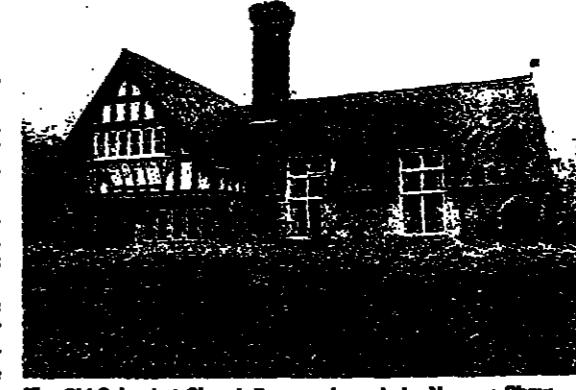
Bold brief

A few miles away, another distinguished Surrey house is for sale. The modernist architect Sir Raymond McGrath designed St Ann's Court near Chertsey in 1936 for landscape architect Christopher Tunnard. His brief was to integrate a bold new house with the old formal garden Tunnard was

remodeling. The result is striking. The house is a low cylinder or drum, like Castel Sant'Angelo in Rome, in white painted concrete and metal-framed glass - which give a jaunty, seaside feel with masses of light and fresh air. It sits on high ground in eight acres, which include an 18th century coach house and temple, a 200-year-old wisteria outside the window, and a modernist swimming pool that needs work.

This unusual building, listed grade II, close to the M25/M3 interchange, and its old surrounds are on offer for £1.25m from Knight Frank (0171 629 8171) or Savills (0171 499 8564).

Wright ON
Still in Surrey: Frank Lloyd Wright did not come



The Old School at Church Freen: a bargain by Norman Shaw

over from the US to design Betterworts at Camberley, but it is so closely modelled on his work that it is a top-notch pastiche. Reminding me of a Wright house in Cincinnati, Ohio, it shows his typical features - low projecting roofs, clerestory windows, rooms merging into each other, a geometry of emphatic horizontal terraces contrasting with the vertical bulk of the chimney, and a minute concern for the detail of good craftsmanship. But it was not built until the early 1900s.

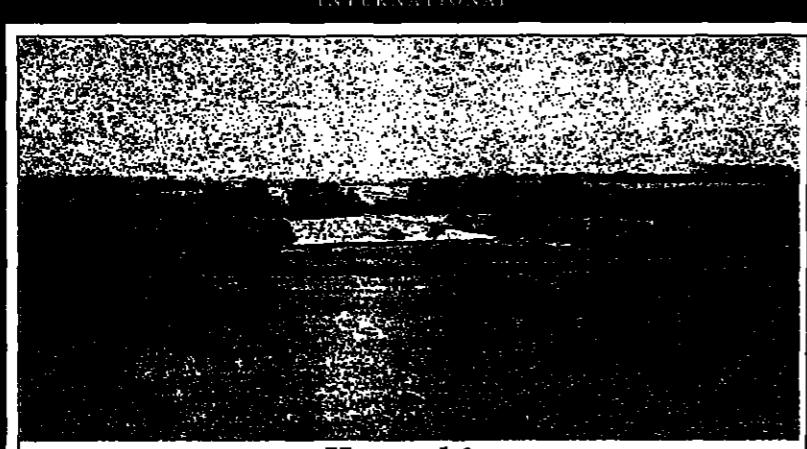
It has five bedrooms and a swimming pool and, in a true Wright way, sits in a wood - as does the house in Ohio. The price from McCarthy Holden (01276 581185) is £460,000.

Little gem

For a bargain in buying a house by a name architect one must go to Shropshire. In 1872, Norman Shaw designed The Old School at Church Freen (near Church Stretton) at the foot of Wenlock Edge. His use of stone, half-timbering and tiles results in a little gem of Victorian England. And its price, now listed grade II*, is a mouth-watering £149,950 from Christopher Morris (01743 241615).

COUNTRY PROPERTY

Knight Frank
INTERNATIONAL



Hampshire

Andover 7 miles. Winchester 10 miles. London 60 miles.
(Distances approximate)

An outstanding commercial agricultural estate
3 farmhouses, 13 farm cottages, 13 estate cottages,
3 ranges of modern and traditional farm buildings.
About 1,328.41 acres (537.60 hectares) of IACS eligible arable land.
About 240 acres (97 hectares) of pasture.
Fishing on the River Test and River Bourne.
Partridge and pheasant shoot.

In all about 1,829 acres (740.27 hectares)
(As a whole or in 27 lots)

Joint Agents: Simmons & Sons, Basingstoke (01256) 840077
Knight Frank, Hungerford (01483) 682726 or London 0171 629 8171

22 High Street,
Hungerford, Berkshire RG17 0NF

20 Hanover Square
London W1R 0AH

LACY SCOTT AND KNIGHT

SUFFOLK

LOVELY TIMBERED HOUSE
3 MILES FROM MARKET STATION
Rural Village Setting
About 1/5 Acre, 4 Reception
Kitchen (Agas), Sun Lounge,
4 Beds, Bathrooms etc. Veranda
In Walk-in Double Garage
Workshop.

£225,000

ACROSS VILLAGE GREEN

Four/Five Bed House
2 Miles A14 and Market Station
About 1 Acre, 4 Reception
Farmhouse Kitchen, 4 Beds,
Barn and Offices
£250,000

Tel: (01449) 612384
Fax: (01449) 677185

BUCKS

35 MINS MARYLEBONE

Less than one mile from Chalfont & Latimer station.
NEW luxury home over 6,000 sq. ft.
plus triple garage ready
for occupation August.

In the MANOR HOUSE style with
GRAND HALL, 5 RECEPTION
ROOMS, fully equipped kitchen,
breakfast room, 5 double
BEDROOMS, 5 BATHROOMS.

SELF CONTAINED FLAT: living
room, kitchen, bedroom, shower room.
Almost one acre of southerly garden.
£950,000.

Floor plans, spec etc @
www.colman-green.com or
tel: 01494 871991

GALHAMPTON MANOR ESTATE
Nr CASTLE CARY, SOMERSET

Delightful, newly renovated village period
house, easy access
London/Plymouth/Bristol. 4 beds, 2
recep, flnsh, sun room, 2nd floor
room, sep barn, mature garden, 1 acre
paddock.
Appt.

Three Counties Property Company
Tel: (01865) 340666
Fax: (01865) 311190

WILAMOURA
ALGARVE

Magnificent villa-6 bedrooms
and 6 bathrooms
Overlooking Pinhal golf
course, close to Marina.

Lge modern kitchen, extra L
shaped lounge, dbl garage,
many extras, top quality
fittings, fully furnished.
£260,000.

Tel: Owner: 0035 189 321207.
Owner must relocate 1st
September. Therefore price
reduced by £5,000 from
valuation. For quick sale.
Absolute bargain.

THE FAIRMONT
EL PASO TEXAS

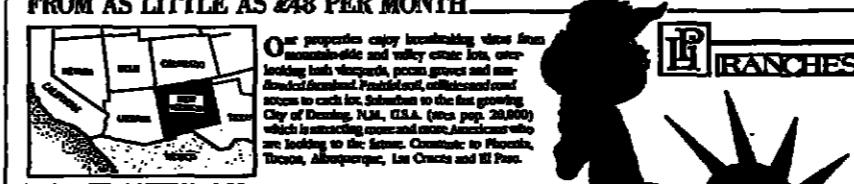
bordering
CIUDAD JUAREZ MEXICO

Secure Luxury Apartment
Furnished close to Business
and Medical Centres

85,000 US Dollars
Phone (44) 171 730 0630
or Fax (44) 170 1366

INTERNATIONAL PROPERTY

ENJOY THE SECURITY OF YOUR OWN PIECE OF THE AMERICAN WEST FROM AS LITTLE AS \$248 PER MONTH



Our properties cover increasing sizes from
one acre plots and utility plots to larger
holdings both vineyard, peach groves and
standard fruit orchards. Located in the
City of Deming, NM, USA (pop. 20,000)
which is becoming increasingly popular
with investors from around the world.
The area is known for its natural beauty
and the surrounding mountains, forests,
rivers, streams, lakes and rivers.

Tel Int +44 (UK) 0181 908 0515 INTERNATIONAL PROPERTY UP TO DATE

LENNARDS PROPERTY INTERNATIONAL

2 JEWELS IN UMBRIA

Rome 1.5 HRS, Florence 2 HRS
A stunning, highly publicised,
converted F/Hse, £500k.

Magnificent restored F/Hses, 2500
espalier olive trees. 1 hr North
of Rome, £940k.

For details of other ex. retail
estate in Umbria/Tuscany
contact:

Spence Architect studio
(M.Spence RIBA)
Tel: +39 557 925 587
Fax: +39 557 800 223.
<http://www.giotto.org/tengello/>

FOR SALE IN TENERIFE. A fine house,
suitable for year round living. About
700k. Look in to: <http://www.tenerife-internet.com/sale/picarita.htm>

Contact:
+34 1804 81 47 54 or fax: +34 1804 81
58 18.

TORONTO, CENTRAL. Yonge &
Summerhill. 4 BR House, 1 Bath, 2
balconies. + Two 1 BR rental apt. Can
\$ 480,000. London 0171 383 0771.

LONDON PROPERTY

ARGENTINA Province of Formosa

For Sale

SUITABLE FOR AGRICULTURAL DEVELOPMENT UNDER IRRIGATION
60 Km of frontage onto River Bermejo. Unlimited water extraction.

Potential for Crops and Rice. Commercial Logging of Forest.

Tropical Wildlife. Goldfish Angling.

US\$ 100 per hectare.

THE MBL GROUP MARKET LEADERS IN RURAL REAL ESTATE AND RELATED SERVICES

Agricultural property for sale throughout Argentina. Agricultural Services.

Specialised investment in cropping. Livestock trading.

MBL International

Strategic Consulting Worldwide

Tel: +34 91 665 7450 Fax: +34 91 665 7452

E-mail: mbl@current.com.es

WMS

(UK Agents)

2000

www.wmsuk.com

WMS

2000

LONDON PROPERTY

**LIVE
tomorrow
worldwide
at Millennium Harbour**

London's most exciting and futuristic riverside development designed to meet the living needs of the 21st century.

Adjacent to Canary Wharf, Millennium Harbour is a six building waterfront complex offering a range of 1, 2 and 3 bedroom luxury apartments set in extensive landscaped gardens and with river views. Designed by award winning architects CZWG, the exceptionally high specification includes a 4,000sqft state-of-the-art leisure complex, garage parking, concierge and optional computer controlled apartment management system.

PRICES FROM £144,000 TO £625,000

Open 7 days, Monday to Friday 10am-6pm, Saturday & Sunday 11am-5pm

BRENTMORE
<http://www.brentmore.co.uk>

SAVILLS
INTERNATIONAL PROPERTY CONSULTANTS
0171 488 9586

MILLENIUM HARBOUR
CANARY WHARF LONDON E14

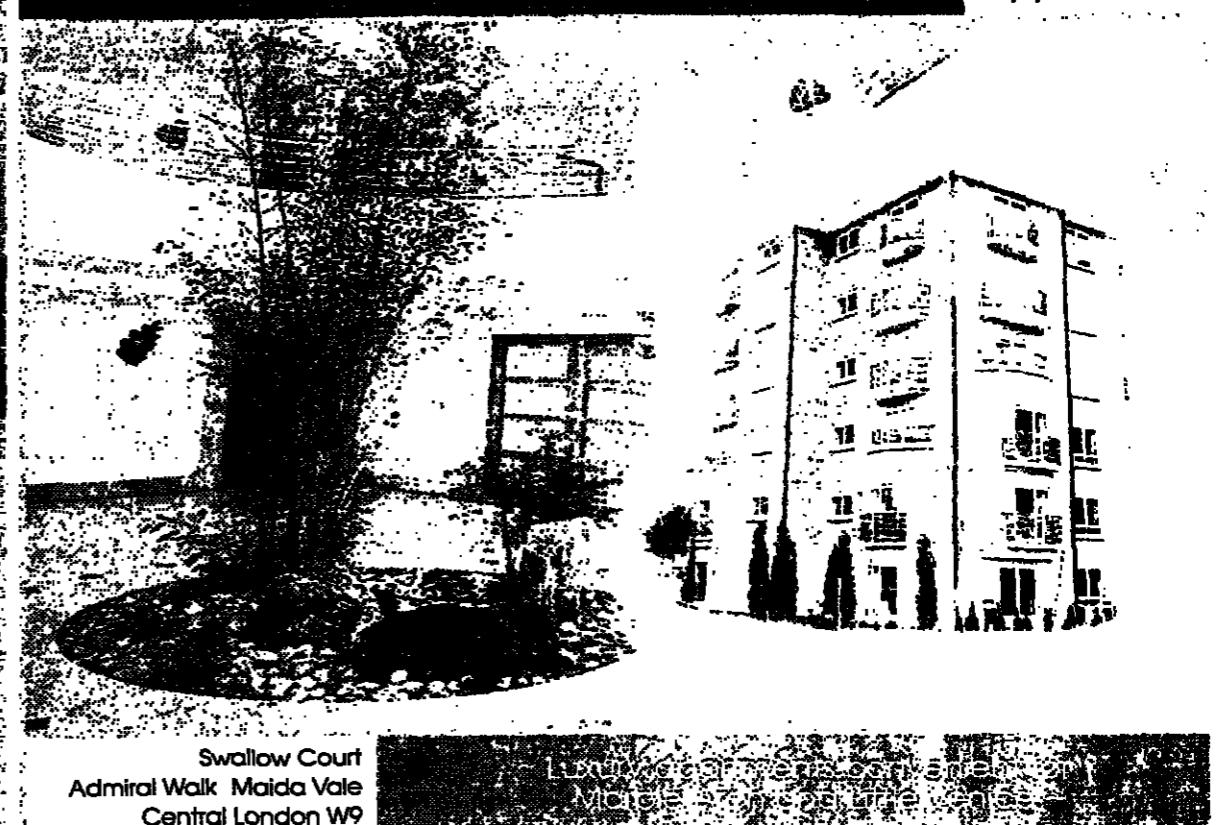
MARKETING SUITE
0171 537 7502

150
ALAN ALLEY & PARTNERS
BUILDERS LTD

West India Quay
Canary Wharf
Heron Quays
South Quay

The Best Deals In Town~

Investment Opportunity



Studios from £119,000
1 bedroom from £149,000
2 bedroom from £249,000

- CCTV surveillance and 24 hour manned security.
- Video entryphone.
- Gas fired central heating.
- Double glazed windows throughout.
- Fitted carpets.
- Telephone and TV points with cable facility.
- Custom built kitchen with Neff integrated appliances.
- Fitted wardrobes to all master bedrooms.
- Secure underground parking available.

Sales Suite open daily 11am - 6pm
Telephone 0171 289 3481 Facsimile 0171 289 5381 REGALIAN

LONDON LIVING REFINED.

EXCELLENT RENTAL YIELDS.
UP TO 11.95%.
60% SOLD.

LEXINGTON

THE STUNNING NEW SHOW APARTMENT AT THE LEXINGTON. OPEN 7 DAYS A WEEK.

LONDON'S most exclusive new apartment building, The Lexington, in a perfect location between the City and Islington, is set to redefine London living. It's a superbly designed building with breathtaking views over 11 acres of park, impeccable style and painstaking attention to detail. Naturally, it has every luxury feature from underground parking, high-tech security to a west facing landscaped courtyard, and a private gymnasium. Now the London property market is looking stronger than ever, it's also a marvellous investment.

The Lexington - London living redefined. See the excitement of The Lexington - visit our marketing suite today.

2 BEDROOM APARTMENTS FROM £190,000 TO £260,000,
2 & 3 BEDROOM PENTHOUSES FROM £355,000 TO £550,000.

For further information and to arrange an appointment to view please call:
0171 250 0404

SAVILLS INTERNATIONAL PROPERTY CONSULTANTS
DE GROOT COLLIS

Metropolis DEVELOPMENTS
...Developing the future

You've arrived in London. Now choose the right address.

In three of London's finest locations, Berkeley Homes has created apartments that take urban style to a whole new level. And every one has the quality and attention to detail you'd expect from one of the UK's premier housebuilders.

In the City or the West End, you can choose the apartment that fits perfectly with your lifestyle.

Marathon House, Marylebone Road, NW1
Just one apartment remains for sale in this landmark building offering the ultimate in modern living. Price £550,000.

City Point, Bunhill Row, EC1
A new release of thirty-four 1, 2 and 3 bedroom apartments, most with private balconies or terraces, ideally placed for Clerkenwell and the City. Prices from £122,500.

25 Farringdon Road, EC1
1, 2 and 3 bedroom apartments and penthouses in the heart of Clerkenwell. Prices from £145,000.



Call us on 0171 487 2686 or visit us at our Marketing Suite at 200 Marylebone Road. Open Mon-Fri 10.30am-6pm Sat-Sun 10am-5pm
See us on <http://www.berkeleygroup.com>

Berkeley
HOMES
QUALITY TO APPRECIATE

TRAVEL IN THE US

Miami's South Beach

Art Deco fights vice in Miami

John Westbrooke tells how an out-of-date style played its part in saving a neighbourhood

The vibrant Art Deco buildings of Miami's South Beach bring back a vanished era:

In fact, they were mostly built in the 1930s. The city was already a magnet for tourists, warm and sunny in winter while northerners shivered, but it was devastated by a hurricane in 1926; its visitors were devastated just as much by the Depression. But as Miami revived, the houses and hotels by the beach were rebuilt, in the style current at the time.

A few, from the 1940s, are of imposing size, such as the Delano and National hotels on Collins Avenue. But most

are low-rise, coherent streetscapes with delightful detailing.

A more typical row of hotels – the Kent, Palmer House and Tudor, all designed by L Murray Dixon – is only three stories high, but each has a different colour scheme and a different small tower spelling out its name vertically.

The colouring is most striking on Ocean Drive, looking out across the beach itself to the Atlantic in the morning light – dazzling stripes of yellow against white on the Leslie, cooler cream, grey-blue and orange at the Cavalier, lilac and white for the curving facade of the Cardozo.

It was not always like this.

Art Deco was the name given to a style developed in northern Europe and adapted to edifices such as the Empire State building in New York. The Miami style was called moderne, or streamlined, or (because of an occasional resemblance to seagoing liners) nautical moderne. And it was mostly painted white – picked out with just a touch of pastel.

It was not until 20 years ago, as some of the buildings were being renovated or pulled down, that Miamians realised what treasures they had. Appreciation societies and pressure groups formed to preserve what was left. They have by any standards been successful, saving not just buildings from the wrecker's ball but whole neighbourhoods from crime and dereliction. (The recent murder of fashion designer Gianni Versace horrified locals, not just because he was one of South Beach's new glitterati but because it brought unwanted reminders of the area's past – run-down, drug-ridden and violent.)

What has been preserved is a square mile, 120 blocks, containing 800 Art Deco buildings big and small. South Miami Beach itself has changed from a decrepit suburb into the trendiest place in town. There are places here it would not be safe to enter without a poodle and a tan.

I went on a walking tour (Saturdays at 10.30am, from 1001 Ocean Drive), but I could have gone on an inline skating tour, because this is Rollerblade heaven. Guided youth glide by, abs and pecs and tattoos gleaming in the sun. So do little old ladies, grandchilren in tow. Florida is flat, and made for blades.

Not that there are as many elderly as before. Florida used to be a state of retire-



Breakwater Hotel on Ocean Drive: South Miami Beach has become the trendiest place in town

Photographs by John Westbrooke

The Sterling Building: bringing back a vanished era

ment; its highest point is only 34ft, which you could ascend comfortably in a golf buggy. But it was only when the senior citizens left their South Beach hotels, for old folks' homes or death, that renovation became a com-

mercial prospect. Old buildings, it seems, can only be saved at the expense of old people.

Visitors who worry about authenticity may be disappointed. New buildings built in the square mile are meant

to fit in with the Art Deco aesthetic – but not enough to look like the real thing; the taste monitors, reasonably enough, do not want the public confused.

And the colours... what these buildings look like is

not the modest whites of the 1930s, but the Painted Ladies, the old wooden houses of San Francisco which were being rescued and tittered a few years before their Miami counterparts, by people with sim-

ilar tastes, budgets and motives.

In short, for all the publicity, South Beach does not look like the 1930s, it looks like the way people in the 1980s thought Art Deco ought to look. Buildings must be painted every seven years, so some of them have moved into the 1990s. One corner club building, mauve and brown in 10-year-old guidebooks, is now stark black and white.

Does it matter? Not really. This is the 1990s, and Americans value the freedom to enjoy their property as they please.

Best just to watch the modern Miamians swooping past, knee guards and bare midriffs and bare sailing in the wind, and admire the way their city blends past into present without destroying it.

On the hotel front, the newest to open is like most of the rest, an oldie: the Tides, a 10-storey white building looking from the

There are places here it would not be safe to enter without a poodle and a tan

outside like a mini-Manhattan skyscraper.

Built in 1938, it had been used to house troops during the second world war and for nothing much since.

Island Outposts, the hotel operator which runs individualistic properties around the Caribbean – including five others on Miami Beach – has spruced it up and reduced it from 115 rooms to 45, each running the depth of the building and thus commanding a sea view. (For serious beach watchers, each one also has a telescope.)

As usual, every effort has been made to restore the Art Deco feel of the public rooms, the group says. Rates start at \$160 a night.

■ John Westbrooke was a guest of Laker Airways (01933-739000), which flies daily between London and Miami; return fares from £235. Premier Business fares £1,490. *Deco Delights by Barbara Baer Capitman (E.P. Dutton, \$19.95)* is a good photographic record of the 1930s colours.

INDIA & BEYOND 1997 1998

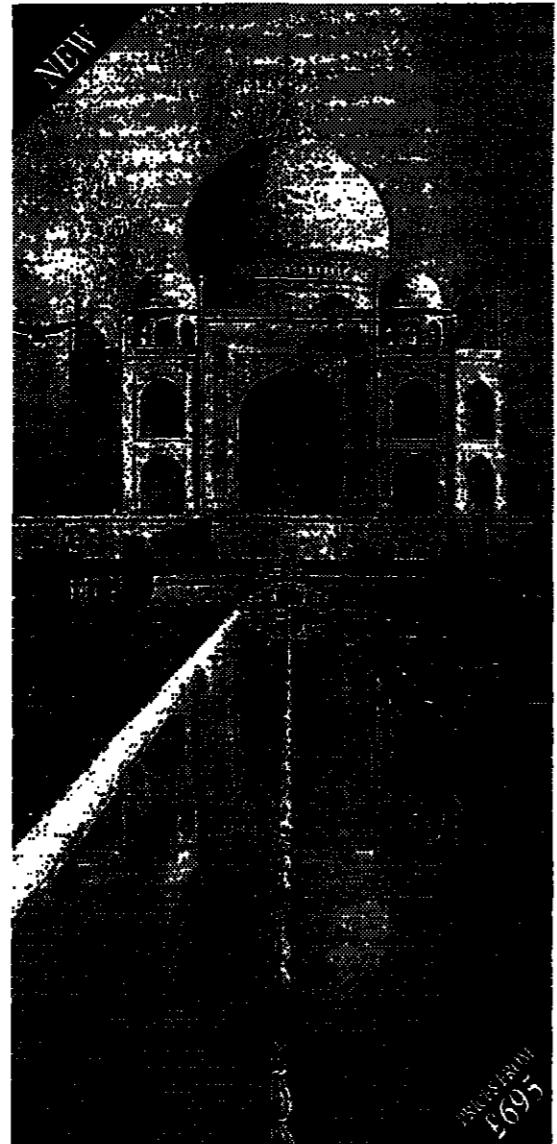
Cox & Kings, the India specialist, has launched the most innovative and comprehensive programme available to the Indian Subcontinent.

Cox & Kings new 'India & Beyond' brochure offers outstanding value for money and features group and individual tour departures from September 1997 through to December 1998.

A superb selection of itineraries and extensions take you through India, Sri Lanka, Nepal, Tibet and Pakistan as well as to the idyllic Maldives, Andaman and Lakshadweep Islands.

For 1997 and 1998, choose from 220 departure dates on 13 escorted group tours and 53 extensions.

For the individual traveller, there are 26 suggested itineraries or alternatively, Cox & Kings specialist tour consultants will be pleased to tailor-make an itinerary to your own personal specifications.



Cox & Kings
FOUNDED IN 1758

INDIAN EXPERIENCE

• 9 days from £1,295 • Delhi-Agra-Kashmir

• Departs: 3 & 17 Sept, 1, 15, 22 Oct & 29 Oct - 12, 19

26 Nov, 3 & 10 Dec 1997

SPLENDOURS OF THE NORTH

• 12 days from £1,145 • Delhi-Lucknow-Maurya-Kaushambi-Jaipur-Agra-Delhi

• Departs: 12 & 25 Sept, 12 & 25 Oct, 24 Oct - 21

28 Nov, 12 & 19 Dec 1997

FORTS & PALACES OF RAJPUTANA

• 12 days from £1,575 • Delhi-Agra-Cuttack-Jaipur

• Departs: 5 Sept, 1, 8 & 15 Oct, 12 & 19

26 Nov, 12 & 19 Dec 1997

SPLENDOURS OF THE EAST

• 13 days from £1,225 • Calcutta-Kolkata-Kharagpur-Shantiniketan-Kolkata-Kharagpur

• Departs: 17 Sept, 2, 9 & 16 Oct, 23 Oct & 24 Nov

1 Dec 1997

CLASSICAL JOURNEY OF INDIA & NEPAL

• 15 days from £2,195 • Delhi-Kashmir-Lucknow-Kolkata-Kharagpur-Shantiniketan-Kolkata-Jaipur-Agra-Delhi

• Departs: 5 Sept, 20 Oct, 3, 10 & 17 Nov

24 Dec 1997

RAJ LEGACY

• 12 days from £1,925 • Bangalore-Chennai-Mysore-Bangalore

• Departs: 31 Oct, 17 Nov & 1 Dec 1997

SPLENDOURS OF THE SOUTH

• 12 days from £1,295 • Bangalore-Calcutta-Kolkata-Chennai-Mysore-Bangalore

• Departs: 27 Sept, 11 & 25 Oct, 8 & 22 Nov

26 Dec 1997

SOUTHERN TRADER

• 15 days from £1,750 • Bangalore-Mysore-Chennai-Mysore-Bangalore

• Departs: 27 Sept, 11 & 25 Oct, 8 & 22 Nov

26 Dec 1997

JUNGLE ODYSSEY

• 13 days from £1,625 • Delhi-Rishikesh-Kalimpong-Agra-Kathmandu-Kathmandu

• Departs: 28 Nov 1997

SRI LANKA: THE ENCHANTED ISLE

• 12 days from £1,625 • Colombo-Galle-Kandy-Kandy-Murud-Lawra - Departs: 18 Oct, 2, 9 & 16 Nov

23 Dec 1997

ADVENTURE IN NEPAL

• 11 days from £1,625 • Kathmandu-Pokhara-Lumbini - Individual Departures

For a brochure, please call 0171 873 5025

Or write to Cox & Kings, Service House, 20 Grosvenor Place, London SW1W 9PL. C0057797

Please send me a copy of Cox & Kings 1997/1998 India & Beyond brochure.

Name _____

Address _____

Postcode _____

Chicago Blowing in the Windy City

Antony Thorncroft has to shed some preconceived notions

T

hink of Chicago and you conjure the Valentine's Day Massacre, city politicians and pork belly futures. Wrong, very wrong, if you are talking with the starry-eyed employees of the Chicago Tourist Board. To them, it is "Chicago, City of Culture".

Chicago has two overwhelming reasons to direct itself towards the tourist's dollar. Its traditional industries – processing pigs, strengthening steel, rerouting railroads – have long been in decline. In addition, its main airport, O'Hare, is the busiest in the world, so if only more of the passengers passing through would take the time to stop over in Chicago.

Fortunately this is starting to happen, and with good reason. Chicago, as Frank Sinatra so neatly put it, is "my kinda town". Perhaps there is a chip on the shoulders of its inhabitants if you mention New York, but the consensus is that Chicago is a big city with a small-town friendliness. As they say "it's hard to get anyone to move from New York to Chicago. It is impossible to get them to move back."

Chicago is full of surprises. It is remarkably clean, with a good public transport system and a desire to integrate its disparate neighbourhoods; above all, it stretches for miles along Lake Michigan, offering beaches, which on a summer's day remind you of Cannes, plus a coastal park, which holds the teeming city at bay.

Some of its illusions are delusions – there are still vast tracts to the south and west which any sensible tourist avoids because of racial tension – but there is a certain innocence about a city which ensures that if you look for the best there you will find it.

not a wasted metre, not an obtrusive colour, all rational, functional and calm.

Oak Park is a world away from State Street, "that great street", the old artery of Chicago. After years of decline as a dull pedestrian mall, it has been transformed into a vibrant highway. The greater shopping experience, however, is still the Magnificent Mile, Michigan Avenue, which stretches north from the oddly turquoise Chicago River, and the electric Wrigley Building, modelled on the Giralda Tower in Seville, up to the lake with an array of shops and malls that equal New York or London in variety, but with more modest Midwest prices.

The Chicago Tourist Board regards shopping as a natural adjunct to culture. Its broad-minded approach also embraces baseball and the blues, both of which lie deeply embedded in Chicago history. A visit to the Chicago Cube is warmly recommended. They are the Fulham soccer club of American baseball, perpetual, but good-hearted, losers. Their fans come because the ivy-clad ground, Wrigley Field, dates from 1914 and is virtually untouched in appearance and atmosphere.

With their french fries and beer, they relish the chance to indulge in old-time, small-town American values. Only here, in the middle of the seventh innings, do you get the chance to sing "Take me down to the ball game". It beats any soccer chant.

Enjoying the Chicago blues is a more raunchy experience. However, Buddy Guy's club on South Wabash Avenue is safe and friendly, with soul food and margaritas, and Buddy can usually be persuaded to join in the Saturday night jam. Chicago likes the peripheral arts – comedy clubs, fringe theatre and contemporary dance – rather than big

musicals and ballet.

But it does have its weightier cultural institutions, including the Chicago Symphony, which it claims, with some truth, to be the world's greatest orchestra, and the Chicago Institute of Art.

The institute is reason enough to go to Chicago (and when it has one of its major shows, such as the Renoir scheduled for later this year, hundreds of thousands of art lovers will make it the excuse). Along with a comprehensive world scoop of the decorative arts, Chicago equals any national gallery in its paintings, which include masterpieces such as Seurat's "La Grande Jatte" and Caillebotte's "Paris Street: rainy day".

And then there is Edward Hopper's "Nighthawks", the finest example of modern American alienation. Although this painting was inspired by a New York bar, the 1940s image of urban life could easily be set in Chicago, which is, above all, a city of local drinking holes, corner delicatessens and neighbourhoods.

Take the bus up Michigan Avenue; wave to the rich in their Gold Coast apartments; shop in chic Oak Street; stroll through the lakeside park and wriggle your toes in the sand; but end up in a district like Old Town, or Lincoln Park, or Wrigleyville. Here is American living in all its variety and vivacity – where streets on-the-up, meet streets going every which way. That's Chicago – battered by fire, mobsters and the Depression, but constantly rising again to proclaim and live the American Dream.

■ Chicago makes an ideal destination for a long weekend from London. American Airlines offers a three-day, two-night package, hotel included, from £909 in November to £909 in July. Extra nights can be added.



It also has a vibrant Down Town in the Loop, around which the El railway deposits commuters (and tourists from the airport in the cheapest and quickest way).

and which is a walking museum of the archaeology of the skyscraper. A guided two-hour tour, on foot, is essential, tracing the development of modern architecture from the 1870s, when the city was rebuilt in concrete and steel after a devastating fire, to the overpowering influence of the Prince of Wales' bête noire, Mies van der Rohe, who taught in the city and left it many of his puritanical monoliths.

Chicago also offers some of the best cityscapes in the world from the viewing platforms atop its tallest buildings, including the 110-storey Sears Tower, now resigned to being the second highest building in the world.

If your appetite for modern urban architecture has been whetted, you can take in the best of the suburban in a 20-minute

TRAVEL

Spires and Spirits

Jewel in Derby's crown

Unlike the Young Pretender, Adrian Gardiner enjoyed this Rolls-Royce town

Unlike the medieval stone tower, the interior of All Saints comes as a surprise. The vaulted ceiling is painted pastel purple and a black and gold wrought-iron screen divides nave from chancel. It is so bright and ornate that many visitors believe they have entered a Catholic church.

With Saxon origins, the present building dates from 1510 (tower), 1725 (nave) and 1772 (retrochoir and sacristy). Also in 1772, two stained glass windows were installed: a cheerful panel representing the lightness of the spirit and a darker counterpart reflecting the murky depths of the soul.

The cathedral's most infamous resident is Elizabeth of Shrewsbury, better known as Bess of Hardwick or "Building Bess". Her effigy lies in the Cavendish area with part of a foot exposed – indicating the tomb was constructed before its occupant's demise. Bess, responsible for Chatsworth House and Hardwick Hall, survived four husbands.

She lived to a great age and, as a biographer put it: "Was continually flattered but seldom deceived, and died in 1607, immensely

rich and without a friend."

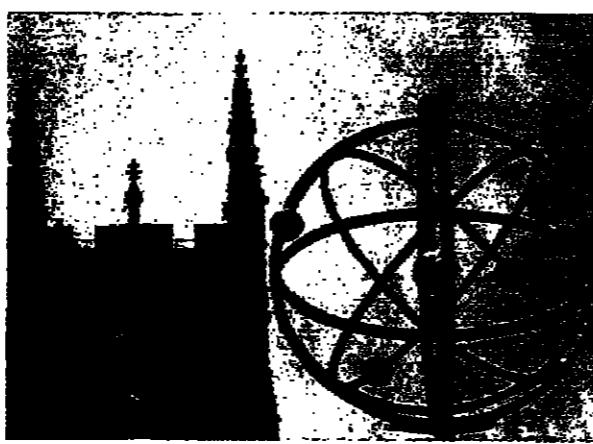
By the north wall of the nave is literally the Rolls-Royce of fonts – crafted by apprentices of the firm that made Derby its headquarters.

The tower repays exploration. Here is the oldest ring of ten bells in Britain. The largest weighs a ton and was cast in the 15th century. Legend holds that the drive shafts of the clock were made from gun barrels left by the Jacobites in 1745.

Bonnie Prince Charlie's 9,000-strong tartan army arrived on December 4. The Young Pretender made his HQ in Exeter House (now demolished) until, two days later, inaccurate military intelligence prompted the Jacobites to abandon their march on London. Instead, they began the long and weary retreat to Culloden.

The Museum and Art Gallery remembers Derby's famous visitor with a Bonnie Prince Charlie room.

Accounts of his army's conduct vary. A proclamation on display – *"A Brief General and Authentic Account of the Conduct and Proceedings of the Rebels"* – tells us "from shops they stole things. It was common to stop people and demand the shoes from off their feet."



Soul searching: the cathedral tower and oratory outside

Until September 28, the art gallery is hosting an exhibition of paintings and drawings by Joseph Wright, a much-neglected artist.

Wright of Derby (1734-97) was the English master of chiaroscuro, the light and shade technique developed by Da Vinci and Caravaggio. He was a painter in tune with his times. Sombre landscapes portray 18th-century England but best known is "A Philosopher Lecturing on the Orrery". His ambition to thrive as a portrait painter in Bath was unfulfilled and he returned to Derby after two years. "Perhaps we Midlanders can cope with him painting our double chins,"

says an exhibition curator. Wright was educated at Derby's grammar school, now the Heritage Centre. Other illustrious pupils were Flamsteed, the first Astronomer Royal, and the Rev John Cotton, a Pilgrim Father and founder of Boston, Massachusetts. George Fox, founder of the Quakers, spent a year in a Derby jail.

The Heritage Centre is haunted. During recent renovations, three skeletons were found in a priest's hole and poltergeist activity has since entertained staff. Richard Felix is Derby's spectre spotter. He takes small groups round, describes the activities of Derby's 150 ghosts

and offers a prize for the Strick of the Week. Viking Derby is under our feet," says Felix. "The battle of Derby, re-enacted every Saturday night in Irongate, took place in AD917." He tells the grisly story of the Pendle Martyrs who, in 1617, began the last rebellion in Britain.

Felix has plans for the now-disused Courthouse to stage a recreation of the trial of the Pendle Three, and a Jacobean banquet. He is responsible, despite alleged official opposition, for the statue of the Young Pretender outside the Silk Mill.

Derby's industrial heritage

should not be missed. The Silk Mill claims to have been Britain's first factory and holds the Industrial Museum in which Rolls-Royce has a leading stake.

Crown Derby China is also

worth a visit. Royal Appointment status came from King George III and 13 barrels of

Crown Derby china went

down with the Titanic. Less

famous factories restrict visitors but this tour is

hands-on.

■ Derby Tourism, tel:

01332-255802 Best hotel: The

Midland, tel: 01332-345894

(double B&B £75). Best res-

taurant: La Gondola, tel:

01332-332695. Ghost walks,

tel: 01332-299321.



Photographs by Adrian Gardiner

Country Hotels of Distinction

Beautiful manicured gardens, historic interest, superb leisure facilities, fine cuisine and luxurious accommodation ensure a stay in this magnificent country house hotel is a truly memorable experience – the ultimate in elegance and comfort.



Complete Luxury

Ashdown Park & Tydney Hall



The Perfect Getaway

Ashdown Park and Tydney Hall have a wide range of leisure facilities for guests to enjoy. These include swimming, tennis, golf, fitness studios and Ashdown has a health and beauty salon.

Country Hotels of Distinction

Ashdown Park and Tydney Hall offer luxurious Summer Breaks from £54.50 per person per night inclusive of a delicious 3-course dinner and a full English breakfast.

Please telephone the hotels for further information quoting code number FT397

DRAYCOTT HOUSE

10 Draycott Avenue, Chelsea, London SW3 3AA

Telephone: 0171 584 4659 Fax: 0171 225 3694

Luxury, serviced apartments housed in an attractive period building, combining comfort, privacy and all aspects of personal security. Located in a quiet avenue in Chelsea, 5 minutes walk from Knightsbridge, convenient to the West End and The City. Ideal for business or leisure visit, a personal service offers a great alternative to a luxury hotel. Spacious 1, 2 and 3 bedroom apartments from £940 to £2184 + VAT per week or from £148 - £343 + VAT per night. For further information and reservations contact Jane Renouin - General Manager.

"Hyde Park's Finest Town House Hotel"

Deluxe Rooms & Suites
Surprisingly affordable

LONDON ELIZABETH HOTEL

Lancaster Terrace, Hyde Park.

London W2 3PF

Tel: 0171 402 6641 Fax: 0171 224 8900

THE HALKIN

Discover a secret haven in the heart of Belgravia

For information on our Special Weekend and Summer rates, please contact:

The Halkin
Halkin Street, Belgravia,
London SW1X 7DZ

Tel: 0171-333 1000
Fax: 0171-333 1100

the Essential Hotel guide

+44 (0) 171 873 3576

HIGHBULLEN

Country House Hotel, Chittlehampton

• North Devon • Secluded yet marvellous view • highly rated restaurant

• 50 en-suite rooms • all the imperial hotel guides • 4 Crown Hotels

Commended • rates from £55.00 to £55.00 ppn, including dinner, breakfast, service and VAT • Seasonal Breaks available

UNLIMITED FREE GOLF ON OUR 18 HOLES COURSE (PAR 67)

10 MILES OF SALMON AND SEA TROUT FISHING

Indoor & outdoor heated pool, outdoor & INDOOR tennis, squash, croquet, billiards, sauna, steam room, sunbed, spa bath, indoor putting, massage.

Executive conference max 30. Children over 8.

85 acre semi-ancient woodland. Telephone 01769 540561

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<http://www.athenaeumhotel.com>

For further information or to make a booking please contact Reservations on Tel: 0171 499 3464 and ask for the "FT Summer Sizzler".

<a href="http://www.

TRAVEL

North Cyprus does not officially exist. In the world of *unrealpolitik*, the island of Cyprus is undivided and Greek, and wide open to tourism.

What happened in the real world was that after an abortive Greek coup in 1974, Turkish troops grabbed the north-eastern third to protect Turks there. This region proclaimed itself independent in 1983. But only Ankara recognises it, and it remains in the same sort of diplomatic limbo as Taiwan. Nicosia is renamed Lefkosa by the Greeks and Lefkoşa by the Turks – is the world's last divided capital.

Talks about reunification of the island stutter along, and may be encouraged by Cyprus's plans to join the European Union; but inter-communal suspicions will linger.

Meanwhile, because visitors have to travel there via Turkey, few bother. This is good news for those who like their holiday destinations quiet and unspoilt – though less so for Turkish Cypriots who can see how much their southern neighbours make from tourism.

Go to the top of the Saray Hotel in Nicosia and you can look out over both halves of the city, and some of the buffer zone between them. The crowded skyline of the south contrasts with the more low-rise, laid-back north. Beyond the half-empty streets are open fields and the Kyrenia mountains, with a huge Turkish flag marked out on the side of one of them.

Visitors to the south cross over to the north at one checkpoint, but not many do. "They tell everyone there that if they come to the north, the streets are full of soldiers and they'll probably get shot," one local grumbled. "It isn't like that."

Indeed not. There are a lot of conscripted teenage soldiers but they seem to spend most of their time around bank cash machines. Though there have been occasional intercommunal flare-ups, I felt no tension. Away from the Green Line, Nicosia is a typical near east city, hot and dusty. There are plenty of cars (new Hondas and Mercedes rather than the antique Hillmans and Wolseleys the guide



Military bargaining chip? Behind a ghost town of abandoned hotels, boys play in the sea at Maras, in the middle of the Green Line

ting under it incapable of work, and the romantic ruins of a 13th century abbey amid a colourful flower garden – another Gothic survivor from a Christian age. Most North Cypriots are now Moslems, but lackadaisically: women are more likely to be seen in bikinis than in headscarves.

Cyprus has more rain than you might expect: the mountains seem to accumulate enough moisture to fill the many swimming pools. But the hillsides above Kyrenia are bare: two years ago, a forest fire swept away 15 miles of trees. "I used to wake up and smell the pines," said a hotelier sadly. "But not now. I can still hear nightingales, though."

On the east coast, Famagusta sits within sight of Syria on a clear day. One of the turrets of its Venetian castle was named "Othello's Tower" by the British, and Shakespeare's play set here is occasionally performed in the courtyard. The Ottomans had such difficulty capturing the town that they had the Venetian commander flogged and his skin stuffed with straw. Now, far removed from such drama, it is a working port.

Just south, however, in the middle of the Green Line, lies the modern resort of Maras (Varosha to the Greeks). Rows of hotels line the shore as far as the eye can see before vanishing into haze. All are empty. The whole area was deserted overnight in 1974 and has stayed that way, except for Turkish soldiers. The few outsiders who have got in tell of a Marie Celeste suburb of laundry on lines and half-eaten meals on tables.

The military is said to be holding it as a bargaining chip in any negotiations on reunification, but this may be pointless: the buildings are crumbling and would need to be pulled down. In the meantime, Maras is scarcely mentioned in official North Cyprus literature – just a non-existent town in a non-existent country.

■ John Westbrooke was a guest of Cyprus Paradise, which offers packages from £315 a week. Two-centre holidays, shared with Istanbul, are available. Living is cheap, food is good, and because of the lamentable state of the Turkish lira – sterling is widely accepted.

Divided – it stands still

It's official, northern Cyprus doesn't exist – but John Westbrooke found it easily enough

books promise, but they drive on the left), a few dodgy-looking nightclubs ("Our belly-dancer will give you the feel of the east"). E-I-R postboxes painted yellow, and old men playing backgammon in the shade. Over the hills, intermittent beaches and small resorts line the north coast, taking in most of the 30,000 tourists a year (against more than 2m in the south) along with many British expatriates, and Asil Nadir of Poly Peck fame. Mainland Turks, the biggest group of visitors, come for the casinos, which they may not visit at home.

Turkish Cypriots are not allowed in, except on Christmas and New Year's eve. Frequent visitors say the hotels are increasing in number, and the only really unspoilt patch left is the Karpas, the panhandle peninsula in the east. But even Kyrenia, the main coastal town, remains pretty and uncrowded. Restaurants, converted from the carb warehouses which were once its main industry, line the half-moon harbour, but customers are likely to be locals. Sitting by the water's edge, we dined at the Harbour Club on mezes and

Turkish wine, for £6 a head. Cyprus was not always this quiet. Its position in the eastern Mediterranean placed it at the crossroads of east and west, a focus for traders and soldiers. Inside the squat castle at one end of Kyrenia harbour is the oldest shipwreck ever reclaimed from the sea, a 12m hull discovered offshore in remarkable condition, 30 years ago.

It plied these seas in the time of Alexander the Great, around 300BC, carrying amphorae from Rhodes and Samos and millstones from Kos. Its crew of four – their

utensils were found, but not their bones: they must have escaped the wreck – seems to have lived on fish and almonds, 9,000 of which were still in jars.

A lot happened to Cyprus while the ship lay on the seabed. In the east, near Famagusta (now Gazimagusa), the ruins of Salamis show the extent of Greek civilisation. Most of them remain buried, because there is little money for archaeology, but they seem to have covered two square miles.

After that came the Byzantines, one of whom unwisely captured Berengaria, fiancée of Richard Lionheart. Richard took the island and passed it on to the Lusignans, Frankish crusaders who created a glittering court. Their cathedrals survive in Nicosia and Famagusta, oddly Gothic in the southern sun, but their towers have been decapitated and topped with minarets.

The Venetians gave way to Ottomans, and then the British, whose dithering in the face of calls for union with Greece is recorded in Lawrence Durrell's *Bitter Lemons*. All these have left reminders, often on the same spot, as Roman stones have

been recycled into Frankish palaces and then into Venetian forts.

The most spectacular of these is St Hilarion, one of a series of crusader castles spaced along the most perpendicular mountaintops as lookouts. Only some walls, steep steps, spring flowers and stunning views remain, but enough to leave you in awe of the kings who not only climbed, but also built up here.

A few miles away is Bellapais, with the house (now much altered) where Durrell, the Tree of Idleness, which rendered people sit-

CYPRUS

KYRENIA for all seasons

Since 1992, each year we have sent many hundreds of tourists to Northern Cyprus. For a company such as ours, it is the most perfect place to offer our discerning clients, and when describing our attractions it is in fact easier to list what it does not have. You will not find Northern Cyprus in the large tour operator's brochures and consequently the number of visitors is relatively small and the tourism development limited.

For some the lack of development is a minus, while for others it will be the strongest reason for travelling there. In many ways the atmosphere is similar to that you would have experienced in Mediterranean resorts some 30 to 40 years ago. If you travel well prepared, your stay will be surrounded by places which still have a natural charm, warm friendly inhabitants, quiet beaches and ancient sites where you may be the only visitor; then Northern Cyprus might be the ideal place for you.

THE ONAR VILLAGE

Of course you will not find a string of deluxe resort hotels, smart shops and all that tourism developers feel are essential for today's tourists. What you will find is a number of small and simple, comfortable hotels scattered in and around Kyrenia and along the coast. For our part we believe the Onar Village to be the best based on a hillside overlooking the coast of Kyrenia. There are lovely views over the town towards the sea and the mountains to the rear.

The property offers the choice of hotel rooms, studios, self-contained apartments and villas which are scattered throughout the gardens. The villas each have a sitting room, dining area, kitchen, bathroom and bedroom as well as a private terrace.

Each villa has a swimming pool, poolside bar, restaurant and library. With a total capacity of 70 or so guests, even when booked the Onar Village remains peaceful and uncluttered.

WREN TO TRAVEL

Our arrangements change from season to season. In the cooler Spring and Autumn we offer the choice of a guided 7 night tour (Kyrenia & Beyond) which includes excursions each day to ancient Greek and Roman sites, Castles, monasteries, old stone churches as well as the cities of Nicosia and Famagusta. Each departure is accompanied by a guest lecturer, and if the party exceeds 13 guests a tour manager will be included. Also during this time we operate a 7 night walking tour.

In the hot summer months of June, July & August we offer 7 or 14 night stays at the Onar Village. These are essential for a cool break – a cool and peaceful round in a self-drive car holidays.

During the winter months from November to March we offer 7 or 14 night

the village where Lawrence Durrell wrote "Bitter Lemons". Afternoon free for relaxing or shopping.

Day 8 Ercan to London (Heathrow), Mayfair (London), Mayfair (London), arriving in the early afternoon.

Departures:

October 1997,

April, May,

September and

October 1998.

Prices Per Person:

From £749 in a twin bedded hotel room (single room supplement £75) and from £1795 sharing a villa.

supplement £95 and from £1795 sharing a villa.

Winter in Kyrenia

Take advantage of the special winter air fares and low cost flights available from October 1997 through to March 1998, based on a seven night stay on half board.

Prices Per Person:

From £375 in a twin bedded hotel room (single room supplement £75) and from £419 sharing a villa.

Summer in Kyrenia

Too hot for some, but if you like the

high temperatures of the summer in the Eastern Mediterranean then follow us to Kyrenia. The Monastery, the Folk Museum and icon Museum. Afternoon at leisure.

Day 5 S. Hilarion/Nicosia. Drive to the

11th century St Hilarion Castle.

Then continue to the

12th century St. George's

Monastery.

Morning drive to S. Neophytos Monastery which contains a collection of icons. Then continue to the

most important ancient site of Salamis, a

former capital of Cyprus. After lunch enter the walled city of Famagusta (Paphos) visiting Lala Mustapha Pasha Mosque, the Othello Tower and ruins of the 15th century Bellapais Abbey. Also climb the 17 storey tower of the 17th century Venetian fort. Also climb the 17 storey tower of the 17th century Venetian fort.

Day 6 Troodos Mountains.

Drive to Latsi

(early 12th-15th century)

and then climb to the Crusader Kantara Castle,

SPORT

How did we ever overlook Donovan Bailey? If he were a smaller, less flamboyant character, without that large shiny, shaven head, then maybe we could claim that he had sneaked up and caught us unawares, rather like he does with his opponents in the latter stages of his 100-metre races. But he's not; so how is it that the most scintillating sprinter on the planet did not go into the 1996 World Championships, the 1996 Olympic Games, and the 1997 Milner-Dollar Challenge in Toronto against Michael Johnson as favorite? He certainly came out of all three with enough gold to outshine Johnson's gaudy shoes.

With Carl Lewis retiring, with Sergei Bubka off form, with Johnson licking his wounds after his first 400 metres defeat since 1989 (probably attributable to his Toronto shock), Bailey is arguably the most exciting competitor in world athletics at the moment. He is headed for the world championships in Athens next week at full tilt, and as favorite for the first time. But maybe we've ignored him because he hasn't been around for very long.

Basketball was his first love, and although he played at college, he admits he wasn't very good. He had run at school, but did nothing between the ages of 16 and 22. Instead, after taking a degree in economics and business management, he concentrated on a career and the "fast life" of the Toronto nightclubs. As an investment manager, he owned a house and Porsche by the time he was 21.

But he feels that his teenage "time-out" has been a crucial factor of his success. "I ran 10.65sec when I was 16, and I'm sure that if I'd taken a scholarship to America and trained when I was 18 years old, I would have run a hell of a lot faster, but I would have been burned out by now. I wouldn't know how to handle the pressure, the stress, the chaos."

"I think the reason I have been successful is because, as a businessman, I understand what life is all about. I understand the chaos that is part of track. In the heats of the 100 metres, I will still be able to focus on the important things I have to do."

Life began to change in 1991, when he saw his schoolboy friend, Glenroy Gilbert, doing well in athletics. On virtually no training, Bailey made the Canadian team for the Pan-American Games, where he finished eighth in the 100 metres, and anchored the relay team to a silver medal. The following year, he met Gilbert's coach, Dan Pfaff, who was then working at the University of Louisiana at Baton Rouge. Dan said: "Do you work out, do you lift weights, are you interested in this sport at all? Because you are gifted enough, you have the tools to become one of the best in the world."

"But I was partying too much. I wouldn't get to bed some nights. I was a single guy living comfortably."

Injury kept him out of Barcelona, and after months of occasionally phoning



Donovan Bailey: "... I really hate the one-off races. OK, Toronto was different, but when it comes to the Olympic Games or the world championships, with the heats and a final, I get more relaxed with each round"

AI Babb/AllSports

Sporting Profile

From the fast life to the fast track

A business career and time-out for partying paid off for the world's top sprinter, Donovan Bailey tells Pat Butcher

Pfaff to say he'd be in Louisiana the next week, the coach had virtually given up on Bailey when he turned up in Baton Rouge in February 1993. "I ran the second day I was there and Dan said, 'Oh my God, everything's wrong, your start is bad, your acceleration is bad, you don't lift weights.' I started lifting weights with women.

They were benching over 180kg, and I could barely do 135. By the time I left, after about 10 weeks, I could do over 200. Dan taught me the importance of all of those things: training, eating, sleeping and rest."

Bailey has been going back ever since for three-month periods, first to Louisiana, now to Austin in Texas, where Pfaff was made head coach two years ago. The breakthrough came in 1994, when he ran 10.03sec for 100 metres. Every year since then, he has won the biggest sprint prize of the season. A world record 100 metres man from Toronto, but born in Jamaica, is

evidently going to excite comparison with the drug-abusing Ben Johnson, who has the same background. When Bailey won the 100 metres in Gothenburg, the first question at his press conference was about Johnson. Bailey limited himself to a trace of exasperation as he reminded the assembly he wasn't around when Johnson was running. But he accepts that comparisons are inevitable.

"I am very glad that Ben got caught, because it opened the door for the massive drug testing that we have in Canada, and although it's very annoying and invasive sometimes, I'm sure that no one's that stupid or that desperate in our country to do it."

When following him recently on the grand prix circuit for a couple of days, various people kept hinting that Bailey wasn't perhaps the nice guy that he seems. After his 100 metres victory in 9.98sec (his fourth best) against Linford Christie in

Nuremberg last month, one of his managers said, "It's a good job he won yesterday. Maybe he wouldn't have been so amenable."

One of his sponsors was unusually frank, saying, "He can be real mean". But then he went on to describe how Bailey had been to company headquarters the previous

and he was winning on the circuit, and having a good time being chased by a posse of women.

But there wasn't a sign of bad humour.

Which is why people were surprised at his reaction just after the Toronto race against Michael Johnson, whom Bailey believed had been insulting him for six months before the race.

With Johnson still limping along the track, Bailey raced to the nearest microphone to call Johnson "chicken", "faking", "not injured", among many other things.

Conservative Canada were shocked, but it was hardly in the Mike Tyson league of sporting abuse.

"A lot of people really didn't understand the things that were taking place. The attack had got personal and very disrespectful. But every time he [Johnson] said something derogatory about me or my staff, I didn't run to the media."

"I totally blew up, but it was something I had to get out. But then I realised it was wrong. I like to win gracefully. I think there's a lot of people, especially younger people, who look up to me. I have a daughter, and I really care what they think, and I try to be positive. I did something that was totally out of character, so I think it was very important to apologise."

Despite the future, there is a strong possibility of a rematch in Las Vegas.

Bailey admits that the reaction in Europe was largely negative, "but TV ratings in Canada were

higher than for the Olympic

100 metres, and CBS (US TV)

said they hadn't had such

high ratings for athletes for years. I felt short-changed,

because I wanted him to cross the line, and be OK. If he feels that he got hurt last time, and that's why he didn't win, we'll do it again.

I'll prepare for it again, and when I prepare for something, I get focused, it usually comes out the way I want."

But first, there is the

world championships where Bailey is going into his first major title chase as a favourite.

And he has two big advantages – he runs better with successive rounds and, perhaps more importantly, he rises to the big occasion. "I love to compete, but I really hate the one-off races. OK, Toronto was different, but when it comes to the Olympic Games or the world championships, with the heats and a final, I get more relaxed with each round. If we had six rounds, it would be perfect."

Off the track, Bailey somehow doesn't seem so big. As if, at rest, he has shrunk himself to conserve his energy. As it turns out, he has lost about 8kg since last year. He has acquired a nutritionist, to go with the physiotherapist and chiropractor who travel with him. "I'm eating better, I'm stronger and lighter, and my starts are a lot better than last year. That's why I feel I can do a lot faster than 9.84sec (his world record)."

Bailey has had a few weeks financially. The \$1.5m from Toronto was extraordinary. But with close to \$100,000 in appearance money and bonuses for each stop on the grand prix circuit, he is preparing to close the investment business that one of his four brothers has been managing for him.

Given his contracts with Adidas, Coca-Cola, Air Canada, Nu-Life Vitamins, and others bring him the multi-millions he didn't earn in his previous life, he could go public as an institution himself.

But money, he claims, is the product of his talent, not a primary concern. "I've never gone into the world championship thinking about the gold medal and the money. Because you get totally side-tracked. It's like me stepping on to the track, thinking what time I am going to run today. If I ever do that, I'll be last." There seems little likelihood of that happening for some time.

Sports Memorabilia

The shirt off Eric Cantona's back

Manchester United have ousted The Beatles in the saleroom, finds Antony Thorncroft

have now reached a plateau or even fallen.

Bob Gowland of Phillips, who organises two sales a year, says most of the best stuff is safely in collections or clubhouse museums. However, there is no shortage of collectable items. In the autumn, he is offering a complete run of *Golf & Golf Illustrated* magazine, from the 1890s to 1914, and expects to sell it for £8,000 – against the £25,000 a similar run made at the 1990 peak.

The auction houses quickly realised that where golf led, other sports, especially cricket with its even longer and better documented history, could follow. A complete run of *Wisden Cricketer's Almanack*, very rare, sold for £40,000 in 1995, against £20,000 in 1990, and £4,000 in 1980.

Cricket has its drawbacks – it hardly touches American (apart from those of John Paul Getty, a big buyer) or south-east Asian nerves – but as with golf, the fanatics are more nostalgic about the 19th century than about more modern times, when English cricket has produced few heroes.

The growing interest in soccer is different. Who remembers great 19th century footballers, or even pre-war players? It is only



Fred Perry's 1934 Wimbledon trophy sold for £36,700 Christie's South Kensington

Auctioneers need convincing evidence before they risk selling.

Grant MacDougall of Christie's in Glasgow, which holds an annual auction devoted to soccer, has been inundated with Cantona shirts after one was bought at a charity auction for £15,000. He needs to see a letter of authentication from Manchester United, and might then place an estimate of up to £4,000 on one of Cantona's Cup final jerseys.

Unlike cricket, where the nostalgia is mainly for the sport, the soccer collector chases the top names. At its last auction, Christie's Glasgow got £9,000 for the jersey worn by Billy Wright when he made his 100th appearance for England.

It has also secured £9,500 for the FA Cup winner's medal awarded to Stan Mortensen, who scored a hat-trick in the 1963 final. But these are the biggest names playing in the biggest matches of their lives.

Along with soccer, tennis has proved popular and, just before Wimbledon, Christie's South Kensington brought in £320,000 from this sector. It was greatly helped by having the archive of the UK's greatest player, Fred Perry, which brought in £280,000, almost twice the estimate. The

most famous, and infamous, son, Muhammad Ali. It is the largest collection of Ali memorabilia to reach the market.

Up to £60,000 is expected for the robe he wore when he won the heavyweight title from Sonny Liston in 1964. The referee's and judge's scorecards from this fight carry the same estimate. His trunks from the "rumble in the jungle" with George Foreman in 1974 are expected to make up to £45,000.

Auctions for some sports, notably cricket and golf, are becoming predictable; others are waiting to be developed. Because of the general ignorance about what is out there, and the level of fanaticism, prices can be very unpredictable.

Sotheby's has still not quite recovered from its experience when selling the "Jules Rimet World Cup" earlier this month. In 1966, the World Cup was stolen – to be recovered a week later, thanks to a foretelling mongrel dog called Pickles. To prevent a recurrence of this embarrassing episode, a replica Cup was made which masqueraded as the real thing for two years. This worthless copy was then sent back to the makers.

It turned up at Sotheby's with an estimate of up to £20,000. But two potential buyers in the room were not to be thwarted and chased each other up to £254,500 before it was secured by an anonymous bidder. It is events like this which make sports memorabilia a very worthwhile pastime for the salerooms.

INTERNATIONAL ARTS GUIDE

What's on around the world**AMSTERDAM****EXHIBITIONS**

Van Gogh Museum
Tel: 31-20-570 6200
Second of four summer exhibitions of drawings by Van Gogh. This time it is the turn of the works produced when the artist lived in Nuenen, 1883-85. The exhibition is shown in two parts, with a changeover on Aug 18; to Oct 12

AVIGNON**THEATRE**

Avignon Festival Tel: 33-4-9014 1414
 ● *Amphitryon*: by Molière. One of two productions brought by Anatoli Vassiliev as part of a Russian season. Cast includes Valérie Dréville; at the Eglise des Célestins; Jul 26, 27.
 ● *Chambre d'Hôtel dans la Ville*: adapted from Gogol and directed by Valeri Fokine; at the Usine Volponi; Jul 26, 27.
 ● *Chant pour la Volga*: The Battle of Stalingrad. Written, directed, designed, and performed with puppets by Rézo Gabriadze; at the Chapelle des Pénitents Blancs; Jul 26, 27, 28.

BARCELONA**EXHIBITIONS**

Fundació "la Caixa"
Tel: 34-3-404 6073
Tarsis do Amaral, Frida Kahlo, Amelia Peláez: display of works by the three women artists which aims to explore the relationship between the European avant garde and the indigenous traditions which influenced them; ends tomorrow

BERLIN**EXHIBITIONS**

Museum für Moderne Kunst, Martin-Gropius-Bau
Tel: 49-30-2548 6714
The Age of Modernism - Art in the Twentieth Century: comprehensive survey which presents the art of this century in four self-contained sections. Beginning with the explosion of Cubism and the crisis of the avant-garde, the exhibition includes works by Picasso, Duchamp and Kandinsky as well as younger and contemporary artists; ends tomorrow

BONN**EXHIBITIONS**

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1236
Sigmar Polke's subtitled "The Three Lies of Painting": this show aims to be the largest ever held in the country's biggest exhibition halls. Including some 180 loans, it will document Polke's work from 1962 to the present, and will transfer to Berlin's Hamburger station; to Oct 12

DROTNINGHOLM**OPERA**

Drottningholms Slottsteater
Tel: 46-8-4570800
Orfeo: Swedish premiere of Luigi Rossi's 1847 version of the legend of Orpheus. The producer is Jack Edwards, the musical directors Stephen Stubbs and Paul O'Dette. With the Drottningholm Theatre Ballet and Orchestra; Aug 2

EDINBURGH**EXHIBITIONS**

Royal Scottish Academy
Tel: 44-171-624 6200
Sir Henry Raeburn (1758-1823): major exhibition of around 70 works by this most famous of Scottish painters, bringing together the works owned by the National Gallery with loans from around the world; Aug 1 to Oct 5, after which the exhibition will travel to London

SCOTTISH NATIONAL PORTRAIT GALLERY

Tel: 44-131-624 6200
The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart, this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard. In return, Scottish portraits will travel to Denmark in the autumn; to Aug 31

FORT WORTH**EXHIBITIONS**

Kimbell Art Museum
Tel: 1-817-332 8451
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter to the Italian and French Riviera in the 1880s, to Venice in 1908; to Sep 7

GLASGOW**EXHIBITIONS**

McLellan Galleries
Tel: 44-141-331 1854
The Birth of Impressionism: more than 150 works including paintings by Monet, Sisley and Pisarro are presented here in relation to the work that went before them. The six galleries tell the story of Impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian cafe society on the new painting; to Sep 7

KASSEL**EXHIBITIONS**

Various venues
Documenta: giant five-yearly survey of contemporary art which takes place all



From left: Ben Kingsley, Greg Hicks, Alan Howard and Denis Quilley in a production of Beckett's *"Waiting for Godot"* directed by Peter Hall, at the Old Vic, London

LONDON**CONCERTS**

BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
 ● BBC Philharmonic: conducted by Richard Hickox in works by Britten, Grainger, Elgar and Jonathan Harvey, the British world premieres of whose Percussion Concerto is performed with percussionist Evelyn Glennie; Jul 26.
 ● Deborah Warner directs a semi-staged performance of Honegger's *Joan of Arc at the Stake*, with Fiona Shaw in the title role. Libor Pešek conducts the Royal Liverpool Chorus and Orchestra. Programme includes works by Satie/Debussy and Poulenc; Jul 27.

● BBC Symphony Orchestra: conducted by David Robertson in works by Haydn, Mozart and Bartók – initiating a major Proms retrospective of the Hungarian composer's work; Jul 28.
 ● European premiere of Sofia Gubaidulina's Viola Concerto: performed by the Hallé Orchestra, conducted by Kent Nagano with Yuri Bashmet on viola. Programme includes works by Debussy and Shostakovich; Jul 29.

● BBC National Orchestra of Wales: conducted by Mark Wigglesworth in works by Beethoven and Mahler. With mezzo-soprano Waltraud Meier and British tenor Anthony Rolfe Johnson; Jul 30.
 ● BBC National Orchestra of Wales: conducted by Mark Wigglesworth. Programme includes David Sawer's *The greatest happiness principle*, Bartók's Piano Concerto No. 3 with pianist Stephen Hough, and Sibelius's Symphony No. 2 in D major; Jul 31.
 ● The King's Singers: programme includes works by Sir Peter Maxwell Davies, Ligeti and Lennon & McCartney; Jul 31.

● Jiri Belohlávek conducts the BBC Symphony Orchestra and Chorus in works by Brahms, Chopin and Schubert; Aug 1.

DANCE
London Coliseum
Tel: 44-171-632 8300
 ● The Kirov Ballet: *Don Quixote*; Jul 26.
 ● The Fountain of Bakhchisarai; Jul 28, 29, 30.

● Fokine Programme 1: first of two programmes staged by Isabelle Fokine, the choreographer's granddaughter; Jul 31; Aug 1, 2.

EXHIBITIONS
British Museum Tel: 44-171-636 1555
Arts of Korea: overview of Korean art and archaeology ranging from the Neolithic period to the 19th century. Exhibits include a royal gold crown from the Silla kingdom, early Buddhist manuscripts, Koryo ceramics and 16th century landscapes. The exhibition is scheduled to run until 2000, when it will be replaced by a new, permanent Korean gallery

Hayward Gallery Tel: 44-171-2610127
Rhapsodies in Black: Art of the Harlem Renaissance – for African American artists working in New York, the 1920s was a golden age. Harlem's dynamic centre. This multimedia presentation celebrates this decade of extraordinary creativity; to Aug 17

National Gallery Tel: 44-171-839 3321
Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

Royal Academy of Arts Tel: 44-171-439 7438
Hiroshige: Images of Mist, Rain, Moon and Snow – celebration of the bicentenary of Hiroshige (1797-1858), Japanese master of the coloured woodcut, whose landscapes provide an atmospheric picture of 19th century Japan; to Sep 28

Tate Gallery Tel: 44-171-887 8000
Mondrian: Nature to Abstraction – a

series of drawings and paintings of trees and the sea executed in Paris before 1914, form the core of this exhibition of works loaned by the Gemeentemuseum in the Hague. The 60 works selected trace the artist's development: beginning with a group of early riverscapes, moving through his Luminist and Cubist phases, towards the mature abstraction of his famous grid paintings; opens today

THEATRE
National Theatre
Tel: 44-171-928 2252

● Closer: new play written and directed by Patrick Marber, with a cast including Ciaran Hinds; Cottesloe Theatre; in repertory.
 ● King Lear: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; Cottesloe Theatre; in repertory.
 ● Amy's View: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; Lyttelton Theatre; in repertory.
 ● The Cripple of Inishmaan: new play by Martin McDonagh directed by Nicholas Hytner; Lyttelton Theatre; in repertory.
 ● Guys and Dolls: revival of Richard Eyre's production with a cast including Imelda Staunton as Miss Adelaide; Olivier Theatre

Shakespeare's Globe
Tel: 44-171-401 9919

● Henry V: by Shakespeare – Mark Rylance stars as the young king in a production directed by Richard Olivier and designed by Jenny Tiramani; in repertory.
 ● The Winter's Tale: by Shakespeare – directed by David Freeman; in repertory.

The Old Vic Tel: 44-171-928 6855
 ● The Prokofiev's Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory.

● The Seagull: by Anton Chekhov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendal is Madame Arkadina, Dominic West her unhappy son, Michael Pennington her lover; in repertory.

● Waiting for Godot: by Samuel Beckett. Ben Kingsley and Alan Howard play Estragon and Vladimir. The director is Peter Hall; in repertory.

EXHIBITIONS
Museum of Modern Art
Tel: 1-212-708 9480

● Objects of Desire: The Modern Still Life – beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26.

● Retrospective of the Stenberg brothers which promises to be MOMA's largest graphic design retrospective to date. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

LOS ANGELES

EXHIBITIONS

Museum of Contemporary Art
Tel: 1-213-626 6222
Jeff Wall: first retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting; the exhibition will travel to Japan; to Oct 5

NEW YORK

Lincoln Center Festival 97

Tel: 1-212-875 5030

DANCE
 ● The Royal Ballet at the Metropolitan Opera House: *Cinderella* – revival of Sir Frederick Ashton's ballet, set to Prokofiev's score; Jul 26.

● The Prince of the Pagodas: Music by Benjamin Britten. NY premiere of this three-act ballet, choreographed by Sir Kenneth Macmillan. Darcey Bussell is Princess Rose; Jul 27

OPERA
 Palestine: by Hans Pfitzner – the Metropolitan Opera House is the setting for the New York debut of London's Royal Opera and US premiere of Pfitzner's opera, which tells the story of 16th century composer Giovanni Perugli da Palestine. Tenor Thomas Moser leads a cast of more than 40 in this production, seen at Covent Garden earlier in the year. The conductor is Christian Thielemann; Jul 27

● Umbathra: The Zulu Macbeth – Welcome Meom's transposition of Shakespeare's tragedy is performed by a cast of 66 drummers, dancers, singers and actors; New York State Theater; to Jul 27.

● Woza Afrika: After Apartheid – four different programmes of South African

music; to Sep 29

PARIS

EXHIBITIONS

Jeu de Paume Tel: 33-1-4703 1250

César: major retrospective of one of the most important French sculptors of the twentieth century. Tracing the different approaches and materials with which he worked, the exhibition includes almost 500 objects loaned from museums and collectors in France and abroad; to Oct 19

Musée Carnavalet

Tel: 33-1-4272 2112

Rudolf Nureyev: celebration of the great dancer and choreographer who made his home in Paris. Includes photographs, books, furniture and costumes; ends tomorrow

Musée National d'Art Moderne, Centre Georges Pompidou

Tel: 33-1-4478 1233

Fernand Léger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction, but whose experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

ROME

EXHIBITIONS

Tel: 33-1-4272 2112

● Picasso: The Early Years, 1892-1906 – making the case for the artist's career before Cubism, this show begins with Picasso's formative years and traces his relation to Catalan modernism in turn-of-the-century Barcelona. Including important works from his Blue and Rose periods, the exhibition culminates in the Iberian figure pictures of 1906; ends tomorrow

● Sculpture of Angkor and Ancient Cambodia: Millennium of Glory. Around 100 works dating from 6th-16th centuries make up this exhibition of Khmer sculpture, the first of its kind in the US. Previously seen in Paris, the show will travel to Japan; to Sep 28

SCHLESWIG-HOLSTEIN

CONCERTS

Music Festival Tel: 49-431-567080

● Philharmonie der Nationen:

conducted by Justus Frantz in works by Schubert, Grieg and Rachmaninoff; at the Holstenhalle, Neumünster; Jul 26

● Norwegian Chamber Orchestra:

conducted by Iona Brown in works by Bach and Nordheim; at the Dom, Meldorf; Jul 27

● Norwegian Chamber Orchestra:

conducted by Iona Brown in works by Bach, Aam, Tarini and Grieg. With

ROME

EXHIBITIONS

Tel: 33-1-4272 2112

● Picasso: The Early Years,

1892-1906 – making the case for the artist's career before Cubism, this

show begins with Picasso's formative

years and traces his relation to Catal

an modernism in turn-of-the-century

Barcelona. Including important works

from his Blue and Rose periods, the

exhibition culminates in the Iberian

Weekend Investor

Wall Street

It's what Greenspan didn't say...

John Authers looks further into the Fed chairman's testimony to Congress

When in doubt on Wall Street, blame Alan Greenspan. As the chairman of the Federal Reserve, with the power to raise rates, he has the power to move markets without lifting a finger.

"Irrational exuberance day" has entered stockmarket history already. That was the day in December when equities dived in response to his public ruminations on the consequences if dealers were to be afflicted by "irrational exuberance".

Two months later came "pre-emptive strike" day when Greenspan emphasised that an interest rate rise should be made before the economy overheated rather than once the process had begun. It was one of his clearest signals that rates would rise in March, and they did. By the time the Fed moved, the market had already discounted the rise.

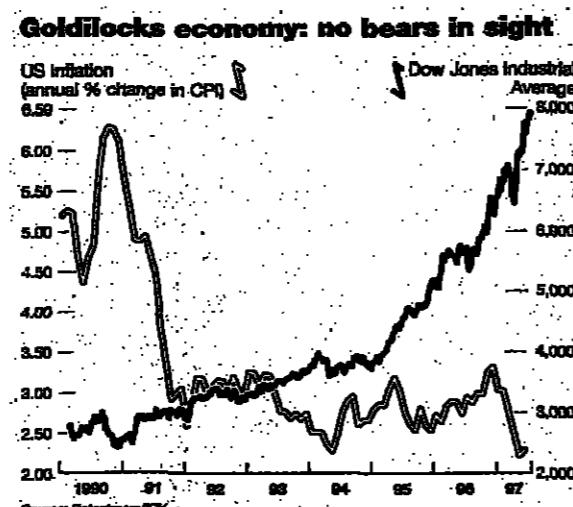
This week gave us a new instalment. Greenspan reports twice a year to congressional committees on the state of the economy. These outings give him regular set-piece opportunities to send a signal to the markets. But this week's speech had no "killer soundbite" to match his previous blockbuster.

The result: a great excuse to buy. Shares soared on Tuesday afternoon, with many traders describing Greenspan's comments as "bullish". The Dow Jones Industrial Average gained 154.93 points, or about 2 per cent, after the testimony.

On Wednesday, the market caught a brief cold. It lasted until Greenspan spoke to the Senate and repeated just what he had told the House of Representatives, with no added soundbites. That was enough, and the Dow rattled up another 26.71 points, briefly breaching 8,100. For the rest of the week, it remained at or around record levels.

Greenspan started by pointing out, correctly, that the US economy is on a run of phenomenal success where inflation and unemployment both have stayed low, allowing stock prices to surge ahead, virtually without interruption since the end of the Gulf war in 1991.

While he termed this performance "extraordinary",



he also referred to the "puzzling quiescence of inflation". Most of his talk was devoted to the main issue which divides bulls from bears: whether the US economy has increased the level of output it can sustain without inflation on a permanent basis, as technological improvements, or whether it is simply enjoying a longer boom-to-bust cycle than usual.

Greenspan appeared agnostic on the issue, providing Congress with several points to support both positions. But he plainly has some sympathy for the view that productivity might have been raised to a new plane through the heavy capital investment in technology as well as a continuing high sense of job insecurity.

Several strategists took note. According to Goldman Sachs' Abby Cohen, Greenspan had "encouraged smiles" and his testimony had affirmed several of the key assumptions underlying her own well-known positive views on the US financial markets – including technology investment, which has tripled as a proportion of gross domestic product over the past five years, low inflation, productivity gains and high savings rates.

Moving into the kind of analysis which used to be reserved for the Kremlin, Smith Barney's research team saw the weighting of words as an indicator of shifts within the Fed's board of governors. "Our sense is that Greenspan has been sympathetic to the produc-

tivity story for some time," they said. "But its prominence in [his] report suggests this view has become much more widely accepted among other open market committee members."

The ears of the markets were, however, tuned mostly to hints about immediate interest rate policy. He eschewed the opportunity to send a clear hint on this and he avoided any criticism of the market's present high level.

It was, therefore, reasonable for traders to assume that an interest rate rise is not imminent in the next few months, although, as most people had assumed as much, anyway, it should not have had much impact on stock and bond prices.

Moreover, a number of analysts have begun to note in the past three days that Greenspan left the option of a rate rise wide open. For example, he said: "The recent improvement in productivity could be just transitory, an artifact of a temporary surge in demand and output."

And although he avoided a military metaphor, such as "pre-emptive strike", he made clear that a rate rise, to be effective, had to happen before inflation takes off. In fact, he did nothing to remove rate rises later this year from his arsenal.

Dow Jones Ind Average

Monday	7804.72 + 16.26
Tuesday	8061.65 + 154.93
Wednesday	8088.38 + 26.71
Thursday	8115.93 + 26.57
Friday	

Greenspan started by pointing out, correctly, that the US economy is on a run of phenomenal success where inflation and unemployment both have stayed low, allowing stock prices to surge ahead, virtually without interruption since the end of the Gulf war in 1991.

While he termed this performance "extraordinary",

Global Investment Management

James Capel Investment Management's experienced team of portfolio managers specialises in looking after multicurrency portfolios for international investors, their advisers and smaller institutions.

The International Portfolio Management service is available for clients with a minimum of US\$500,000 to invest, through London or the Channel Islands, as individual tax situations dictate.

We have been at the forefront of the securities industry for over 200 years.

We are part of HSBC Investment Banking which has 42 offices on five continents and we benefit from the global resources of HSBC Holdings plc, one of the largest banking and financial services organisations in the world.

For further information, please contact:
Stephen Oakes
James Capel Investment Management
6 Bevis Marks, London, EC3A 7JQ.
Telephone: +44 171-626 0566 Facsimile: +44 171-283 3189



James Capel Investment Management
Member HSBC Group

James Capel Investment Management is a trading name of HSBC Investment Bank plc. Regulated by SFA and a member of the London Stock Exchange. James Capel (Channel Islands) Limited is incorporated outside the United Kingdom and is not subject to the rules and regulations established under the Financial Services Act 1986 intended for the protection of investors.

London

Exports take a pounding

Patrick Harverson sees a dilemma for the Bank

Independence might be flavour of the month these days, what with the Scots and Welsh being offered the chance to enjoy limited autonomy from London, but the Blair government may be wishing it could turn back the clock to May and revoke the powers it granted the Bank of England. Since being allowed to set interest rates independently, the Bank has raised the cost of borrowing three times, and another increase is expected

that have begun to cause great concern with the export sector of UK industry. Sterling is now at about its highest level against the D-mark in eight years (it stood at DM3.05 yesterday).

This might not seem to be such a problem for the government. A stronger pound depresses goods' price inflation in the short term and restrains export growth as it makes UK products more expensive to buyers abroad. These repercussions are not entirely incompatible with the economic slowdown the managers of monetary policy are trying to achieve by raising interest rates.

But as the economists at stockbroker ABN-Amro Hoare Govett point out in their latest quarterly, the strong pound is a "poor substitute for a tightening of domestic monetary policy". The problem, says Hoare, is that an appreciating currency "cannot address the UK's fundamental problem

This is the Bank's dilemma. Rates have to go up to cool domestic demand and dampen inflation. But

higher rates will only tighten the already painful squeeze on exporters. What all this means for the stock market is not very clear. Rising interest rates and an overvalued currency normally depress share prices.

Higher rates will lose £150m from adverse currency movements this year.

Other stocks buffeted by the currency factor this week were BICC, Glynwold International, Courtaulds and British Steel. If the Bank raises rates in early August, expect that list to lengthen.

The saga of the planned Guinness-Grand Metropolitan union produced a few more twists and turns this week. Bernard Arnault, chairman of the French luxury goods group LVMH, claimed his plan for a merger of his drinks interests with those of Guinness and Grand Metropolitan would add £130m to the combined profits of the new group. His proposal was accompanied by some tactical manoeuvring that saw LVMH raise its stake in GrandMet while reducing its holding in Guinness. At the same time, Arnault resigned from the latter's board.

At least smaller companies, which have seen their shares rooted to the spot this year, might have enjoyed a little bit of schadenfreude this week as two of the market's heaviest weights – Reuter and Imperial Chemical Industries – cried foul over sterling's strength.

Reuters shares fell on Wednesday after the media group said the 3 per cent decline in its interim profits to £23m was entirely down to the currency effect. A day later, ICI reported six-month profits more than halved, including £20m of sterling-related losses. And worse is to come, for ICI forecast it

to lose £150m from adverse currency movements this year.

The two UK groups countered yesterday with a vigorous defence of their own planned £24bn merger. They claimed the proposal from Arnault would, in fact, cost the group £1.5bn in extra taxes and generate no other obvious benefits.

Finally, Ted Baker, the fashionable men's shirt retailer, made its debut on the market this week and the shares placed with institutions at 135p, finished at 137½p, valuing the company at £26.7m. Perhaps Baker might be persuaded to provide replacements for those exporters losing their shirts on the pound.

Barry Riley

Dance of the old bears

When the market's momentum stops



In a clear market, you can see forever. That is the vision of the bulls as they project a benign global environment of steady growth and low inflation forward into the next millennium.

Momentum is today's market theme. When you have abolished the cycle, you have only the trend. The present trend favours the stock markets nearly everywhere, and also currencies like the dollar and sterling.

When some currencies rise, however, others must fall in a zero sum game. That applies especially to the continental European currencies where, at one stage this week, the D-mark was trading at more than 3.06 to the £, making a one-third depreciation in 12 months (it was once a "hard" currency, remember?)

Momentum investors put their money in whatever is strong, or sometimes sell whatever is weak. Originally, the reasoning was probably that big moves in prices tend to reflect market inefficiency, especially in terms of privileged information. But that is not why, for example, the HSBC share price has rocketed ahead by 61 per cent this year.

The definition of momentum in physics is mass multiplied by velocity, and it is the weight of money that is now the dominant influence. Huge sums are surging into leading blue chips around the globe. When the flows finally cease, the consequences could be ugly, but momentum investors believe they will, somehow, get out in time. Experience will prove

them wrong. As Barton Biggs, Morgan Stanley, says: "I don't know many young bears or old bulls."

Various bears, one after another, have called the turn but have all been proved wrong so far. This particular week's elderly bear pack variously includes Scottish Widows, which has sold 220m of European equities and switched into gilts because value everywhere is so

Rising interest rates and squeezed manufacturing margins have frightened investors. Curiously, the 250 index's exposure to those four booming sectors is a pathetic 3 per cent.

Sectors like the banks have a safe haven appeal. There, the immediate earnings prospects seem good whereas, elsewhere, life is often very tough. Reuters is supposedly a growth stock,

"I cannot predict the date but the turning point promises to be quite spectacular when it comes"

report this week that the strength of sterling had turned a pre-tax profits gain of 11 per cent into a decline of 3 per cent. The tale from Imperial Chemical Industries, a cyclical stock, was much worse: its first-half profits have collapsed by more than 50 per cent. Many British companies will be reporting results within a similar dismal range for 1997.

In soft currency countries like Germany, however, the opposite is true. In a two-day upsurge this week, the German market roared ahead by 7 per cent. Its gain in 1997 so far is 48 per cent – and that is no local freak outturn because the entire World Index, expressed in D-marks, is up 40 per cent.

Does that clear view indeed stretch out to infinity? This week Alan Greenspan, chairman of the US Federal Reserve, gave his regular testimony to Congress and encouraged

further Wall Street gains. Far from talking about "irrational exuberance" in the markets, he mused about a "puzzling quiescence of inflation".

If something happens to spoil the party, therefore, it seems unlikely to an interest rate decision by the Fed. But the Dow has surged by 27 per cent in barely more than three months and a correction is overdue. Longer term, the bull market shows some worrying similarities in pattern to those of 1929-37 and 1955-57, both of which peaked in August ahead of vicious crashes. True, there is absolutely no sign of the rising bond yields that played an important part in triggering the crash of October 1987 but, if anything, valuations are now even scarier.

On Wall Street, the conventional wisdom is that the market might correct by up to 10 per cent (there was a 9.8 per cent fall in the spring this year) but massive buying will then come in. Yet, it follows that, if the market ever should go down through the 50 per cent level, investors could be staring right into the abyss.

Waves of stop-loss selling would surely begin. The stock market has been driven by waves of liquidity. If these are withdrawn, value-based bargain hunters will only pitch in much lower down.

To me, the view appears a little foggy. I am not brave enough to predict the date of a turning point, but it promises to be quite spectacular when it comes.

Offshore managed funds and UK managed funds are listed in Section One

WEEKEND INVESTOR

■ Current takeover bids and mergers

Company	Value of bid	Metric	Per bid	Value of offer share*	Offer date*	Bidder
Applied Diamond	44	43	42%	15.43	Tibbet & Betts	
Argent Group	275	370	450	225.5	British Property	
Airtex Converting	815	615	647%	54.76	Volvo	
BB & EA	75	729	704	8.4	Brilliance Sp	
Bridas	175	173	137%	130.7	FID	
Brockbank Group	655	675	524	85.50	Mid Ocean	
Cadent	550*	571	580	16.00	Admiral Financial	
Circle Ceramic	77	77	76	0.29	Alcan Glass Group	
Collegiate Group	65	934	774	21.55	Moore Corp	
Corporis	185*	182%	158	53.29	SI Group	
Dove Care As.	135	133%	127%	7.51	Hercules Prod	
EFT Group	775	785	134	58.5	Bank of Scotland	
Esso	650*	650*	948	3.8500	Petroleum	
Gant (SRI) *	65*	65	52	2.20	Procter & Gamble	
Goldthorpe	125*	121%	125	78.65	Siemens	
Granville IV	210*	315%	316%	104.28	Scottish Medicis	
GrandMet (P)	6125*	6125*	6125	23.00%	Galaxy	
HVAC	425*	412%	389%	371.7	Old News & Media	
Hospital Wear	3	270	185	18.41	Anglova Water	
Hecht (C) *	145*	145	145	1.00	Syndicat	
Inspirations	75*	71%	614%	23.05	Siemens Leisure	
JOC Oil & Gas	47	47	44	54.20	Rexona Energy	
Midwest Int'l News	210*	199	185%	269.59	Miller Group	
Mobile Hand	185*	175	125%	83.50	Porter Group	
Nestle	150*	157%	157%	10.20	Siemens	
Nymco	55*	51	51	0.50	Amsterdam Int'l	
Policy Portfolio	125*	123	120%	10.08	Futureline	
City Care Homes	330*	322	317%	45.21	Principia Hts	
Rakel	135*	133	71	24.16	SIS	
TLS	125*	131%	130%	65.25	GE Capital	
Union Int'l	225*	225	225	5.20	Siemens Stocznia	
West LDI	145*	143%	131	11.00	Siemens Crystalo	
Yorkshire T-Tees	714755*	1112	1112	536.58	Grundfos	

Prices in pence unless otherwise indicated. *All cash offer. **For capital not already held. £1.00 = \$1.50. \$1 = £0.67. All figures in million. 1996/97. 59Shares and cash. † Cash alternative. (P) Merging to form GMG Brands. (S) Merging to form Nymco Amsterdam. Value of merger estimated at £2.1bn.

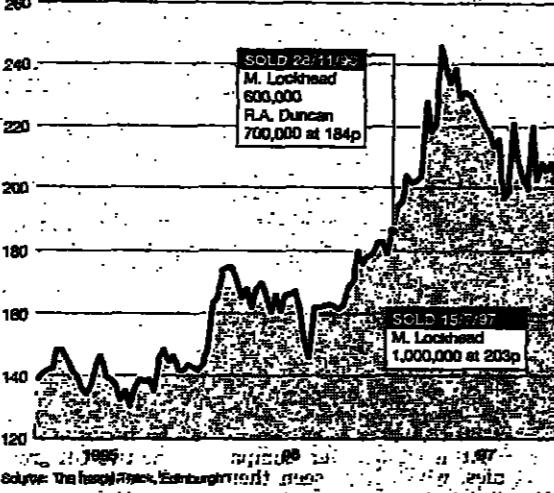
Bids / deals

Bernard Arnault, Paris-based chairman of LVMH, stepped up pressure to make Guinness and GrandMet recast their £24bn merger by acquiring more shares in GrandMet, writes *Endrik Terazona*. Arnault, who is trying to promote a three-way merger between the three drinks companies, is believed to have doubled his stake to 12 per cent, above the threshold needed to call an EGM.

Granada Group's £711m offer for Yorkshire-Tees Television has been declared unconditional. Granada now controls 32.8m shares, or 58.1 per cent of YTTV.

Firstbus

Share price (pence)

**Directors' dealings****Buying beats selling**

It was surprising to see that the number of directors buying still exceeds those selling, but many commentators believe that the UK equity market is still cheap.

The largest sells of the week were at Firstbus, the transport group, where two directors sold 1.4m shares between them at 184p each.

Moir Lockheed, deputy chairman and chief executive, sold 600,000 of these, although he retains a holding of 1.4m shares.

■ Directors' share dealings

Transactions in over 1,000 shares
July 14-18 1997

Company	Sector	Shares	Value	No. of directors
SALES				
Action Computer Ser	Dist	200,000	340	2
Archimedes Int'l	InvT	2,000	10	1
Bath Press	PP&P	800,000	180	1
Blue Circle	BMAM	2,861	13	1
CML Microsystems	Elect	128,156	182	1
Fred Earth Tiles	ReFG	10,000	21	1
Firstbus	Trans	1,000,000	2020	1
Guinness Flight	InvT	13,156	14	1
Manchester United	L&H	410,000	2665	1
Orbis	SSer	1,000,000	370	1
Trace Computers	SSer	25,000	14	1
Britacely Group	PO	51,255	355	1*
Capital Corp	L&H	933,195	620	1
PowerGen	Elect	46,000	356	1
Vodafone Group	Tele	1,214,920	3742	1
PURCHASES				
Anite	Elect	74,716	25	2
Capital Radio	Media	10,000	51	1
Ellis & Everard	Chem	12,285	80	5
F & G Pacific (T)	InvT	30,000	48	1
Faywood Pte	Dist	50,000	26	1
Fleming Mercantile	InvT	12,000	42	1
Grainer Trust	Prop	55,429	150	1
Helical Bar	Prop	25,000	129	1
Heworth	BMAM	5,805	13	2
Highams	SSer	13,100	47	1
John David Sports	ReFG	9,700	20	1
Kenwood	HGd	40,000	46	2
L. Gardner	Eng	6,000	14	1
Lonrho	DM	12,000	15	1
Lorien Group	SSer	7,500	25	1
Medeva	Phrm	22,000	48	3
Morris Ashby	Eng	6,000	15	1
Mucklow (A&J)	Prop	11,172	14	1
Pharmigan Int'l	InvT	10,000	26	1
Quintain Estates	Prop	7,367	11	2
Rekam	PP&P	28,000	61	1
Wagon Ind'l Hides	Eng	20,000	45	2

Companies must notify the Stock Exchange within four working days of a share transaction by a director. The list contains all transactions (closed and Amdt), less than 0.1% of 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary.

Source: The Inside Track, Edinburgh, 0131-473 7070

■ Last week's interim results

Company	Sector	Year	Pre-tax profit (£m)	Earnings* per share (p)	Dividends* per share (£)	Market dividends* per share (£)
AFA Systems	AM	Jan	65.0	12.00	-	-
Genesys Corps	Prop	May	1,000	1,000	0.75	0.25
Globe Global	Int'l	Jan	-	-	-	-
Govex, Letort	AM	Apr	84	84	-	-
Green Dragon	Q4	Jan	4,000	2,250	3	2.8
Brinkers	Int'l	May	275	260	2.8	2.8
Belltech	Prop	Apr	11,000	4,200	1.25	1.17
CDI Inc.	Prop	Jan	1,000	1,000	1.03	1.03
Converg	Prop	Mar	1,000	1,000	4.1	3.9
Domes	Int'l	Mar	125	125	-	-
Edinburgh Jain	Int'l	Apr	40,700	41,220	-	-
EP Electrical	Prop	Jan	57,000	75,190	3.25	3.19
Fleming American	Int'l	Jan	32,000	40,820	3	2.8
ID	Prop	Jan	32,000	40,820	3	2.8
Chase	Prop	Jan	10,000	10,000	12.5	12.5
Bitfirms	Prop	Jan	10,000	10,000	0.5	0.5
AM	Prop	Jan	10,000	10,000	0.5	0.5
Siemens	Prop	Jan	10,000	10,000	0.5	0.5
Stedman & Davies	Prop	Jan	10,000	10,000	0.5	0.5
Second St. Dahlberg & t	Prop	May	25	25	5	5
Smithfield Electronics	Prop	Jan	77,400	72,000	4.45	4.35
Spago Consulting	Prop	Jan	65	65	2.25	2.25
Temple Bar	Prop	Jan	47,000	46,800	5.7	5.5
Telecom Office	Prop	Jan	1,000	1,000	0.7	0.7
Verizon	Prop	Jan	10,000	10,000	1.1	1.1
West Management	Prop	Jan	60,000	75,300	6	6.5
Yvesine	Prop	Jan	32,000	23,000	6	6.5

(Figures in parentheses are for the corresponding period.) Dividends are shown in pence per share, except where otherwise indicated. Lakes, T Net asset value per share. £ Irish pounds and pence. * 8-mth figures.

■ Offers for sale, placings & introductions

AFA Systems is raising about £2.1m via a placing & open offer on a 1-for-5 basis of 2m shares @ 120p.

Alfinex is to raise £2.5m via a placing of 10m shares @ 25p-35p & 23.8m via an open offer of 5m shares on a 1-for-10 basis at the same price.

Parfex is coming to AIM flotation of 33.3m shares @ 3p.

SEB is raising £2.2m via a placing & open offer of 104.8m shares @ 25p.

MEADS is raising £22.3m via a placing & open offer of

FT WEEKEND

True Fiction / James Morgan

Radio for hubbies and the fair sex

It is fortunate that when I retire shortly I shall be able to carry on broadcasting, as my consortium has been successful in its application for one of the new British radio franchises.

Radio Now aims to be as up-to-date and right-on as the millennium itself.

It will fully recognise the sea-change in British and European society that has occurred over the past five decades and contribute to the multi-faceted dialogue that should characterise the ongoing relationship between broadcasting and its audience, or pro-actors as our winning agenda describes them.

In short, we are, quite proudly, the broadcasting back-bash. Our programming will be so politically incorrect that even a good birching could not make it more so.

Thus we shall make gender issues a top priority. Every day, between breakfast and lunch, and again, before hubby comes

home for his tea, there will be a rolling strand generically entitled *Let's Join the Ladies*.

The programme-appeal here will be entirely based on those issues which matter most to the modern man and his mate. For example, the careers of top men nequins will be used to illustrate the way the young female can make her way to the top in an appropriate industry.

The attention to career opportunities for the fair sex will be found in an up-to-the-minute novelty, an item never attempted hitherto on British radio - a young lady will take her clothes off once a week in a feature called *Radio Strip*.

In the spirit of a modern-age egalitarianism, for which our

station stands, this will be open to all young women, whatever their appearance.

Radio stripping has been tried in the US by Mr Howard Stern, a disc jockey, where its purpose was titillation and its results thus demeaning and vulgar. We may be politically incorrect, but we have principles.

Men's programming, meanwhile, is undervalued in the broadcast media today. Masculine lifestyle features will concentrate on areas of inter-personal relationships - in the radio context, we have chosen to call this "male bonding".

They will, inter alia, examine the claims of those who support a revival of a traditional gender balance. Many feel that their

natural right to assert their masculinity has been undermined; their concerns will be aired every week under the title *A Man's Right to Choose*.

In the field of general entertainment, which will play a central role in staking out the station's broad-appeal spectrum, we hope to make a special effort to incorporate the underprivileged in an area where it is all too easy to sound patronising or elitist. Our new panel game, *Find the Fool*, will open the doors of participation to those who have often felt excluded from, or been unable to comprehend, mainstream entertainment strands.

A vital output cluster will be located in a generic strand known as *Our Foreign Friends*. This programming will be devoted to the concerns of our neighbours in the European Union and is specifically designed to promote informed decision-making at this crucial juncture in the evolution of Europe.

We intend to take a long look not only at the current initiatives designed to achieve a united Europe but also how they fit in with those of the past, and with the deeply held preconceptions of our domestic pro-actors. An eight-part series, with provisional titles ranging from *Visigoth and Vandal and Napoleon to Pestilence Europa*, is already in preparation.

No such station would be complete without a phone-in. Ours, *Your Show*, has already been a hugely successful pilot. Eight hours of top quality debate from 2200 to 0600 devoted entirely to capital and corporal punishment. The pro-actors not only discussed the issues but also showed a deep knowledge of traditional and modern techniques.

Strange Man on the Train
The greatest problems we face involve coverage of the UK's domestic political scene. The traditional requirement for "balance" in broadcasting conflicts with the ethos of competition and with our own strong opinions about how society should be properly managed.

Nevertheless, I am confident that a little cosy up to the government's culture department will get rid of this static.

In all things, we believe in equality and fairness, but also recognise the need to reward honest endeavour and success, and to be polite but blunt. The marble-clad atrium of our headquarters in London's West End will thus reflect our blend of contemporary and the classical; our 11 stylish 150ft transmitters, sited in south-east England's garden counties, will symbolise our reach.

Our pledge is that, come the day, Radio Now will be where it is at, wherever that may be.

the Koo Club: "Sounds of Deep Sexy House and Soulfull [sic] Garage Grooves." There is a little flurry when some people who look famous (Eternal, I find out later) leave the Hampshire hotel to walk the 20 yards to the Capital Radio Café. A roadsweping van hoots, a couple are all but having sex by the garden railings. The bongos go on.

The wind-down in the small hours is positively boring. Most of the cafés are done by 4am, the clubbers emerging into the dawn light predictably lethargic as they file meekly into the streets hoping to pick up a cab. At last, there is a respite from the relentless percussion, and a small group of what look like Brazilian footballers cluster earnestly round an acoustic guitar. It is quite sweet, but we could be in any square or beach in Europe.

So what is there to hate? The inspector was right. If you are not in a hurry, if you can enjoy the thrash, the energy, it is all quite innocent fun. True, there are a few fast food joints, too many, and the movie billboards dominating the skyline make depressing viewing, but people like eating fast and cheap, and diners are big box office right now.

Anyway, none of this is the fault of Leicester Square. In the middle of the gardens, a (terrible) statue of William Shakespeare looks down towards a more recent

genius, Charlie Chaplin, as if for reassurance. But he is looking restlessly the other way, ready to waddle off in the opposite direction. He is right, of course. If it is culture, restraint, good taste you are after, Leicester Square is not for you.

The earl would find

today's bedlam most confusing. But this is the modern world, and 22m people can't be wrong.

Metropolis
London's singing heartland

Peter Aspden spends a night in Leicester Square and finds a cacophony of youthful exuberance



Garden, traversed by roughly 22m people a year. To many of them, this is the essence of London. It should be a source of civic pride; yet it smells of burgers, looks like anywhere else and sounds like hell.

In fact, its bark is worse than its bite. Police say the area is very safe, considering the number of people it services. "It looks absolutely horrendous because of the crowds, but if you stand still and watch it go on all around you it is not too bad," says Inspector Geoff Irvine, in charge of policing the area.

It is tempting to talk of the decline of Leicester Square

as another symptom of modern homogenisation and loss of manners; except it wouldn't be true.

Unlike the elegant plazas of Bloomsbury, the cattle-grazing fields which passed to the Earl of Leicester in 1630 were never designed as a square; the earl built a townhouse on the site which is now the Empire Cinema and laid out the rest of the fields as public walks at his own expense.

In the early 18th century,

the Prince of Wales lived in Leicester House. Frederick, father of the future George III, died there after being hit on the throat by a cricket ball, which might explain

today's ban on ball games in the gardens.

It wasn't until the mid-19th century that the square was opened up to traffic and conceived as a centre for entertainment, but even then its appeal was less than wholesome. Council records show that in 1868, miscreants vandalised an equestrian statue of George I, painting it in black and white dots and adding a dunce's hat and a broomstick.

There was little sign of such malice as I decided to take Inspector Irvine at his word and stand still, watching the frenetic hordes go by. There is little to report in

the slow build-up to midnight: just more and more people, louder and louder bangs and a young Christian preacher outside the Empire. He greets people filing out of Steven Spielberg's *The Lost World*, promising them a better one if they could only give up their vices. Jesus is better than Ecstasy, he says, and a surprisingly respectful crowd

is putting his body through the head of a tennis racket, his shoulder dangling grotesquely behind him. He seems to pick up a lot of money.

But outside the Angus is a quainter sight: some Spanish schoolgirls have decided that lack of inhibition is a prized virtue in this city, and are dancing *Sevillanas* behind a hopefully upturned cap.

Soon, some Adidas-clad

English boys clutching Special Brews embark on a chat-up routine of startling ineptitude. The lack of empathy between the two groups makes one marvel that there could ever be such a thing as a European Union. But the boys leave a Euro or two in the cap and lunch on.

After 2am, there is even less to disturb the peace. The most threatening thing on offer is the sign outside

Arcadia / Justin Marozzi

The rumbling in the jungle

*Fight in the cause of Allah
Those who fight you,
But do not transgress limits
For Allah loveth not transgressors.
If you want peace, be prepared for war.*

Deep in the lush tropical jungle of the southern Philippines island of Mindanao, Al-Haj Murad, vice-chairman of the guerrilla Moro Islamic Liberation Front, is holding court.

This is Camp Abubakar, MILF headquarters and home to 10,000 rebel soldiers and civilians, sprawling over 10,000 hectares in remote terrain. White mosques dotted among the plantations of coconut palm trees tell the visitor this is the heart of Moslem Mindanao, where the four centuries-old Islamic resistance to colonial rule now expresses itself in guerrilla warfare.

Although the police and military would never admit it, national jurisdiction means precious little here. Nature blessed the region with the most fertile land in the archipelago. Continuous fighting has ensured it remains the poorest.

For the past month, a military operation using helicopter gunships, aerial bombardments and land offensives has been harassing MILF forces believed to be behind a recent kidnapping of oil executives. All

the violence has achieved, however, is the displacement of 73,000 civilians.

Murad assures us that the armed struggle against the state will continue and with the 120,000 soldiers he claims are ready to become martyrs, it is no idle threat.

"The MILF is a revolutionary organisation with the objective of finding a lasting peace in the area and achieving the aspiration of the Bangsa Moro people to self-determination," he said.

"This is a jihad. The term Moro comes from the Spanish *los Moros*, or Moors, referring to the hardy Moslem inhabitants the Conquistadors first encountered at the Battle of Manila Bay in 1571. Within a few years, Spain had sway and the proud Moslem sultans in the south-west had been wiped out, triggering a bloody conflict which runs to this day. By the 1970s, it had reached its apogee. Ferdinand Marcos, president at the time, used the anarchy in Mindanao to justify declaring martial law in 1972. In the three years that followed, more than

50,000 civilians were killed.

Not even Imelda Marcos, an irrepressible flirt, could stop the carnage. She met the Libyan leader Muammar Gaddafi in his desert tent, famously sang to him, and persuaded him to broker the 1976 Tripoli agreement between the two sides. Within weeks it had collapsed.

Last year, Nur Misuari, head of the Moro National Liberation Front, the largest

him no allegiance and the demand of substantial new investment in those poverty-stricken areas which need it most seems as distant as ever. Islam, not investment, is the order of the day.

It is Sunday morning and while MILF soldiers and government forces confront each other in a handful of villages, Father Eliseo Mercado, president of Notre Dame University, has just finished giving mass. His office in the tranquil campus in Cotabato is a world away from the hostilities but, as chairman of an independent ceasefire monitoring body, he is more aware than most of the situation on the ground. Like many here, he is sceptical about the military's sudden pursuit of kidnappers and says it is merely an excuse to crush the MILF.

I heard a general report

of the term Moro comes from the Spanish *los Moros*, or Moors, referring to the hardy Moslem inhabitants the Conquistadors first encountered at the Battle of Manila Bay in 1571. Within a few years, Spain had sway and the proud Moslem sultans in the south-west had been wiped out, triggering a bloody conflict which runs to this day. By the 1970s, it had reached its apogee. Ferdinand Marcos, president at the time, used the anarchy in Mindanao to justify declaring martial law in 1972. In the three years that followed, more than

50,000 civilians were killed.

On the outskirts of Pagan-

gan village, Major James Yangzon of the 6th battalion, 6th Infantry Division of the Philippine army, is attempting a military solu-

tion in command of an operation to flush out MILF soldiers hiding in thick cover.

Simba armoured personnel carriers move forward at a snail's pace, directing heavy fire towards suspected rebel positions. Infantry follow on foot and local journalists bring up the tail, filling reports from radio cars. After a brief exchange of fire, the MILF disperse and the military celebrates a small but hollow victory.

No one, except those in the armed forces who say they could destroy the MILF in two days given the go-ahead, seriously believes in a military solution to the Mindanao question. Most confrontations end with a whimper as soon as the guerrillas melt into the jungle.

Both sides say they are ready to talk peace but neither is negotiating in good faith. The military continues its crusade against "kidnappers" and Murad is threatening to launch counter-offensives if armed forces attack Camp Abubakar. History, and the jungle, are simply proving too much for the politicians to overcome.

*Chase No. 100-14, but type
what (s) you see in me.
Cannibalistic White Knights
murder 1,200,000 people
3 Star 400 and when, but do
forget he didn't kill me.
I'm 1 K20-100 2 Bed 100-8
Bed 2 drive.*

BREITLING
1884



OLD NAVITIMER

BREITLING SA
P.O. Box 1132
SWITZERLAND - 2540 GRENCHEN

Tel: 41 32 / 654 54 54
Fax: 41 32 / 654 54 00

INSTRUMENTS FOR PROFESSIONALS

دعا من الأصل